


Colorado Legislative Council Staff Fiscal Note
STATE
FISCAL IMPACT

Drafting Number: LLS 10-0405
Prime Sponsor(s): Rep. McFadyen
 Sen. Hodge

Date: March 2, 2010
Bill Status: House Transportation and Energy
Fiscal Analyst: Kerry White (303-866-3469)

TITLE: CONCERNING THE MODIFICATION OF AGENCIES THAT PERFORM OVERSIGHT OF THE COMMERCIAL VEHICLE INDUSTRY THROUGH A TRANSFER OF THE PORTS OF ENTRY SECTION IN THE DEPARTMENT OF REVENUE TO THE COLORADO STATE PATROL IN THE DEPARTMENT OF PUBLIC SAFETY BY A TYPE 2 TRANSFER.

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012
State Revenue		
State Expenditures General Fund	at least \$324,550*	
FTE Position Change		
Effective Date: July 1, 2010.		
Appropriation Summary for FY 2010-2011: See State Appropriations section.		
Local Government Impact: None.		

* *Of this amount, no separate appropriation is required for \$35,520 because of ongoing appropriations to the Department of Revenue for computer programming provided in the Long Bill for new legislation.*

Summary of Legislation

HB10-1113 designates the Colorado State Patrol (CSP) in the Department of Public Safety as the enforcement and permit authority for Colorado's ports of entry. All statutory authority, powers, duties, personnel, property, funding, budgeting, purchasing, and planning are transferred from the Department of Revenue (DOR) to the CSP on July 1, 2010. The bill also specifies that a port of entry officer has the authority of a peace officer to perform and enforce their duties, including restraining and detaining persons or vehicles and impounding vehicles under certain conditions.

Background

The DOR's Motor Carrier Division currently manages Colorado's ports of entry. In the current budget year, FY 2009-10, the DOR is appropriated about \$10.3 million and 131.2 FTE. These staff enforce requirements for the estimated 7 million commercial vehicles that travel through the ports of entry each year and generate an additional \$2.5 million through vehicle registration compliance.

State Revenue

State revenue from specific ownership taxes, penalty assessments, and other fees generated from commercial vehicle enforcement is not anticipated to change as a result of HB10-1113. This analysis assumes no significant changes in processes or operations will occur during the transition period. The fiscal note assumes that the CSP will continue to enforce registration requirements and collect approximately \$2.5 million in annual revenue from penalty assessments, laden weight registration permits, harvest registration permits, special mobile machinery registrations, special fuel taxes, special fuel permits, and passenger mile taxes.

State Expenditures

The bill shifts \$10.3 million in state expenditures and 131.2 FTE from the DOR to the CSP beginning in FY 2010-11. In addition, it drives at least \$324,550 in one-time costs to effect the transition.

Ports of Entry Management. HB10-1113 is not expected to change total expenditures for management of the ports of entry. Current costs for management of the ports of entry are \$10,262,901 and 131.2 FTE. The fiscal note assumes the funding sources will remain in effect and will not require transfers. The 131.2 FTE that currently operate the ports of entry will transfer from the DOR to the CSP as of July 1, 2010.

One-time Transition Costs. This analysis assumes that the ports of entry computers will need to be decoupled from existing DOR systems that contain taxpayer and other confidential information. As a result, the CSP will incur some technology expense and possibly require accounting software. The fiscal note assumes that state expenditures in FY 2010-11 will increase by at least \$324,550, as described below:

- ▶ ***Department of Revenue.*** The DOR will require up to \$324,550 to move data circuits and decouple the existing ports of entry computer system from multiple databases and its accounting software. A total of 3,260 hours of database programming, testing, and systems modifications are required. Of this amount, no appropriation is necessary for \$35,520 because of ongoing appropriations to the department for computer programming provided in the Long Bill for new legislation.
- ▶ ***Colorado State Patrol.*** The fiscal note assumes that the CSP will incur some costs for computer programming, hardware, and possibly the acquisition of an accounting software package that is compatible with the existing ports of entry computer system. At the time of this writing, these costs have not been identified, but they will be addressed in a revised fiscal note if further information becomes available.
- ▶ ***Department of Transportation (CDOT).*** Implementation of HB10-1113 will require the CDOT to modify its rules regarding oversize and overweight permitting and make minor process changes related to the interagency transfer of associated fees. The CDOT can absorb these impacts within existing resources.

Expenditures Not Included

The bill affects indirect cost allocations within both the DOR and CSP. These costs are generally recovered from individual programs within a department or through fees, and pursuant to a Joint Budget Committee policy, are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills. This includes indirect costs for centralized administrative functions such as financial management, personnel management, and information technology costs.

Ports of entry currently accounts for about 9 percent of indirect costs in the DOR, or \$1.1 million in FY 2009-10. Although the bill may reduce the centralized administrative functions of the DOR to some degree, and the associated costs, some portion of these indirect costs will be reallocated to other divisions in the DOR. Similarly, the CSP will also experience a change in indirect costs under this bill. The fiscal note assumes that the DOR and the CSP will request the necessary adjustments for indirect costs through the annual budget process.

State Appropriations

For FY 2010-11, the Department of Revenue requires an appropriation that reduces total funding by \$9,973,061 and 131.2 FTE. This includes a reduction of \$9,184,695 in Highway Users Tax Funds, \$762,950 in federal funds, \$197,258 in Hazardous Materials Safety Funds, \$33,344 in Nuclear Materials Transportation Funds, and \$83,844 in reappropriated funds, and increase of up to \$289,030 General Fund.

The Colorado State Patrol will require an appropriation of at least \$10,262,901 and 131.2 FTE in FY 2010-11. This includes an increase of \$9,184,695 in Highway Users Tax Funds, \$762,950 in federal funds, \$197,258 in Hazardous Materials Safety Funds, \$33,344 in Nuclear Materials Transportation Funds, and \$83,844 in reappropriated funds.

Departmental Differences

Colorado State Patrol. It is the position of the CSP that the ports of entry computer systems can be reused as currently configured. Therefore, the CSP has not provided costs for any programming, software, hardware, or new data circuits. This analysis assumes that the ports of entry systems will need to be decoupled due to the taxpayer and other confidential information stored in the DOR systems. The fiscal note assumes that the CSP will incur some information technology expense and will possibly require an accounting system that is compatible with the ports of entry computer system. These costs have not been estimated and will be provided in a revised fiscal note when more information is forthcoming.

Department of Revenue. The DOR has estimated that the costs to move data circuits and decouple the ports of entry computer systems will be \$324,550. This amount includes a cost of \$100,000 for moving data circuits. Based on discussions with the Governor's Office of Information Technology, the fiscal note assumes that this cost may be high. For this reason, these costs are described as up to \$324,550.

HB10-1113 transfers 131.2 FTE or approximately 9 percent of the DOR's workforce to the CSP. The DOR assumes that it will not experience a reduction in indirect personal services or administrative costs as a result of this transfer, and that it will require a full refinancing of \$1,102,630. This is because while indirect costs are based on the total number of FTE within the DOR, the workload for these positions (DOR management, accounting/budget, human resources, and administration) does not translate evenly to the proposed reduction in FTE. The fiscal note assumes that a portion, but not the full amount, of these costs will be refinanced as a new General Fund and cash fund expense and that this refinancing will be addressed in the annual budget process.

It should also be noted that the DOR believes that the CSP may not be authorized to collect registration fees in the amount of \$2.5 million per year. The fiscal note assumes that because the proposed legislation invests a port of entry officer with the power of a peace officer while performing their duties and provides specific statutory references to special mobile machinery registrations, that registration fees will continue to be collected.

Departments Contacted

Governor's Office
Public Safety
Transportation

Law
Regulatory Agencies
Treasury

Personnel & Administration
Revenue