

Colorado Legislative Council Staff Fiscal Note
STATE, LOCAL, and
STATUTORY PUBLIC ENTITY
FISCAL IMPACT

Drafting Number: LLS 10-0107
Prime Sponsor(s): Rep. McCann
 Sen. Schwartz

Date: February 19, 2010
Bill Status: House Agriculture
Fiscal Analyst: David Porter (303-866-4375)

TITLE: CONCERNING FINANCIAL SUPPORT FOR EFFORTS TO REDUCE THE OVERPOPULATION OF PETS, AND, IN CONNECTION THEREWITH, AUTHORIZING THE ISSUANCE OF AN ADOPT A SHELTER PET LICENSE PLATE.

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012
State Revenue		
Cash Funds		
Highway Users Tax Fund	\$ 37,500	\$ 43,750
Licensing Services Cash Fund	37,500	43,750
License Plate Cash Fund	8,880	10,360
State Expenditures		
General Fund*		
	\$ 1,962	
Cash Funds		
License Plate Cash Fund	17,760	\$ 2,960
Highway Users Tax Fund – CSTAR Account*	36,091	
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: 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.*

Summary of Legislation

This bill creates the "Adopt a Shelter Pet" special license plate. The plate will be available to applicants who pay the following:

- P the appropriate license fees based on the vehicle type;
- P a one-time fee of \$50 that is credited equally to the Highway Users Tax Fund (HUTF) and the Licensing Services Cash Fund (LSCF);

- P a one-time donation of \$30 which is collected upon plate issuance and is credited to the newly created Adopt a Shelter Pet Account in the Pet Overpopulation Fund; and
- P an annual \$25 license plate renewal donation.

Of the \$25 license plate renewal donation, the department or county clerk may keep up to \$2. If less than 3,000 are issued by July 1, 2014, DOR may stop issuing the special license plate.

The bill also extends the pet overpopulation tax check off and adds a representative of western Colorado to the board of directors for the Pet Overpopulation Authority.

State Revenue

Under the bill, total state revenue is estimated to be **\$83,880 in FY 2010-11 and \$97,860 in FY 2011-12**. Revenue is from fees charged for the special plates and is shown in Table 1.

Table 1. Revenue from the Adopt a Shelter Pet Special License Plate		
	FY 2010-11	FY 2011-12
Number of License Plate Sets to be Issued	1,500	1,750
50% of the Revenue from one-time \$50 Fee (HUTF)	\$37,500	\$43,750
50% of the Revenue from one-time \$50 Fee (LSCF)	37,500	43,750
Fees to Cover Cost of Plates (LPCF)	8,880	10,360
TOTAL REVENUE	\$83,880	\$97,860

The bill establishes a new special license plate available for a one-time fee of \$50, which is divided evenly between the HUTF and the LSCF. The DOR will begin issuing these plates January 1, 2011, once the design and administrative functions are in place. This fiscal note assumes 1,500 sets of license plates will be issued in FY 2010-11 and 1,750 sets in FY 2011-12. Thereafter, it is assumed that the department would produce a lesser number of plates. HUTF moneys are allocated for state highways (65%) and to counties and municipalities (35%) for highway purposes. LSCF moneys are for personal services and operating expenses of driver's license offices. Since the workload at motor vehicle offices is not directly tied to these license plate sales, these funds will be appropriated through the annual budget process.

Under current law, applicants also pay \$5.92 in fees to cover the direct costs of producing and issuing the plates and any necessary tabs. These fees are credited to the License Plate Cash Fund (LPCF).

State Expenditures

Total state expenditures for the DOR are estimated to be **\$55,813 in FY 2010-11 and \$2,960 in FY 2011-12**. Table 2 shows the estimated costs.

Table 2. Expenditures from the Adopt a Shelter Pet Special License Plate		
	FY 2010-11	FY 2011-12
Number of License Plate Sets Produced	3,000	500
Cost for Plates (\$5.64 per set) & Tabs (\$0.28 per set)	\$17,760	\$2,960
Computer Programming (970 hrs. @ \$39.23 per hour)	38,053	0
TOTAL EXPENDITURES	\$55,813	\$2,960

Production and Programming Costs. License plate costs of \$5.92 each are paid from the LPCF. Computer programming costs are at a rate of \$39.23 per hour and are to make the following changes to the Department of Revenue's systems:

- P *Motor Vehicle Driver's System (50 hours – \$1,962 General Fund):* The system that tracks traffic infractions by driver's license must be updated to include the special license plate type.
- P *Colorado State Titling and Registration System (700 hours – \$27,460 CSTAR Account).* CSTAR is the county system used by driver's license personnel. In addition to 40 hours to add the special license plate to the system, the bill requires 660 hours to make the following changes:
 - add the \$25 annual renewal donation;
 - permit the county clerks to retain up to \$2 of the annual donation;
 - distribute, track, and report on the donation revenue; and
- P *VIPER (220 hours – \$8,631 CSTAR Account).* VIPER is the department's system used to manage and process the donation revenue.

No appropriation is necessary for computer programming costs of \$38,053 because of ongoing appropriations to the DOR for computer programming provided in the Long Bill for new legislation.

Local Government Impact

The bill increases HUTF revenue from fees, 35 percent of which is distributed to counties and municipalities for highway purposes. Additionally, county clerks are authorized to retain up to \$2 of the \$25 annual renewal donation. As shown in Table 3 in the section that follows, this results in \$3,000 in revenue in FY 2010-11 (the first year of renewals). Beginning in FY 2011-12, revenue will be greater as Adopt a Shelter Pet license plates sold earlier renew.

Statutory Public Entity Impact

Revenue Impacts. Revenue to the Pet Overpopulation Authority is **\$45,000 in FY 2010-11 and \$87,000 in FY 2011-12.** The Pet Overpopulation Fund is used by the Pet Overpopulation Authority to work with local veterinarians, licensed animal shelters, and local communities to address animal sheltering and pet overpopulation control in this state. Table 3 indicates the revenue earned by the issuance of this special plate assuming that county clerks will retain \$2 of the annual renewal donation.

Table 3. Adopt a Shelter Pet Fee and Donation Revenue			
		FY 2010-11	FY 2011-12
One-time Donation	\$30 Pet Overpopulation Fund <i>number of plates</i>	\$45,000 <i>1,500</i>	\$52,500 <i>1,750</i>
Annual Renewal Donation (\$25)	\$23 Pet Overpopulation Fund	\$0	\$34,500
	\$2 County Clerks <i>number of renewals</i>	\$0 <i>0</i>	\$3,000 <i>1,500</i>
PET OVERPOPULATION FUND TOTAL*		\$45,000	\$87,000

* Excludes money for county clerks.

Moneys to the Pet Overpopulation Fund are credited to the Adopt a Shelter Pet Account. These moneys are used to support spay and neutering, other medical costs in shelters, and humane education programs. Up to 17 percent of the Pet Overpopulation Fund can be used for account administration.

Extension of Tax Checkoff. The Pet Overpopulation Fund will continue to earn revenue from the tax checkoff. In FY 2009-10, the fund received \$183,700 in donations. Over the past five years, the fund has averaged \$203,500 in donations.

Expenditures. The addition of another member to the board of the Pet Overpopulation Authority may result in additional board expenses, but these costs are expected to be minimal.

State Appropriations

The bill requires a cash funds appropriation of \$17,760 to the Department of Revenue from the License Plate Cash Fund in FY 2010-11.

Departments Contacted

Agriculture Revenue