

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 11-0007
Prime Sponsor(s): Rep. Baumgardner

Date: January 20, 2011
Bill Status: House Agriculture
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TITLE: CONCERNING THE REGISTRATION OF A VEHICLE USED FOR AGRICULTURAL PRODUCTION.

Fiscal Impact Summary	FY 2011-2012	FY 2012-2013
State Revenue		
Cash Funds		
Highway Users Tax Fund — MIIDB Account	\$17,126	\$34,252
Multiple Cash Funds	(< 5,000)	(< 5,000)
State Expenditures		
Cash Funds		
Highway Users Tax Fund — CSTAR Account	\$22,200	
FTE Position Change		
Effective Date: August 10, 2011, assuming the General Assembly adjourns May 11, 2011, as scheduled and no referendum petition is filed.		
Appropriation Summary for FY 2011-2012: See State Appropriations section.		
Local Government Impact: See Local Government Impact section.		

Summary of Legislation

House Bill 11-1004 prohibits the Department of Revenue (DOR) and county clerks from requiring that, when registering farm trucks or truck tractors, vehicle owners present proof, beyond state requirements, that his or her primary source of income or business is agriculture. The exemption would apply to registration of farm trucks and truck tractors that are:

- used primarily for agricultural production on a farm or ranch owned or leased by the vehicle owner; and
- used on property classified for tax purposes as agricultural land.

The bill also removes the farm truck exemption from the \$0.50 motorist insurance identification fee charged at the time of vehicle registration. This fee supports the Motorist Insurance Identification Database (MIIDB) Program, used for verifying compliance with motor vehicle insurance requirements.

Background

Under current law, persons attempting to register a vehicle as a farm truck must certify on a DOR form that the vehicle will be used for agricultural purposes in accordance with state law. The DOR form requires that an applicant affirm that he or she files a federal Schedule F, Form 1040 (Profit or Loss From Farming) and is currently engaged in either farming or ranching. The form also requires that the applicant affirm that the vehicle to be registered as a farm truck will be used for the purpose of transporting agricultural products, materials, equipment, or machinery. In addition to state requirements, some counties currently impose additional requirements to ensure that a vehicle will be used for farming or ranching purposes.

State Revenue

The bill increases state cash fund revenue by up to \$17,126 in FY 2011-12 and \$34, 252 in FY 2012-13. The bill removes the MIIDB fee exemption for farm trucks and truck tractors, thereby generating \$0.50 annually per vehicle registered as a farm truck or truck tractor. Currently, 68,504 vehicles are registered either as farm trucks or truck tractors. The fiscal note assumes that the MIIDB fee exemption will be removed as of January 1, 2012.

The fiscal note assumes that eliminating county requirements for farm truck and truck tractor registrations may result in a minimal increase in vehicles registered as farm trucks that would have otherwise registered as standard passenger motor vehicles. Vehicles that register as farm trucks and truck tractors are:

- exempt from Automobile Inspection and Readjustment (AIR) program requirements and \$2.20 fee (if located within AIR program boundaries);
- exempt from Diesel Inspection Program requirements and fees;
- exempt from 50% of the road safety surcharge;
- exempt from 50% of the bridge safety surcharge; and
- subject to a reduced registration fee, based on vehicle weight, if operated on public highways only to commercially transport goods to market or storage.

As such, **additional registrations of motor vehicles as farm trucks may result in a state revenue reduction of less than \$5,000.** Table 1 summarizes the bill's revenue impact.

Table 1. House Bill 11-1004 State Revenue Impact		
	FY 2011-12 (6 months)	FY 2012-13 (12 months)
MIIDB Revenue (\$0.50 per vehicle)	\$17,126	\$34,252
Multiple Cash Funds	(< 5,000)	(< 5,000)

State Expenditures

The bill increases one-time state cash fund expenditures by \$22,200 in FY 2011-12. Two DOR systems require programming work and testing to support the bill's implementation — 260 hours of programming of the Colorado State Titling and Registration System (CSTARS), and 40 hours of programming of the ITD/VIPER system. Programming costs are \$74.00 per hour and are paid from the Highway Users Tax Fund (HUTF) CSTAR Account.

State Appropriations

For FY 2011-12, the DOR requires one cash fund appropriation of \$22,200 from the HUTF CSTAR Account. In addition, the Office of Information Technology (OIT) requires spending authority for \$22,200 in reappropriated funds.

Local Government Impact

The bill may decrease local government revenue by a minimal amount. Should the bill result in additional vehicles registered as farm trucks or truck tractors, each vehicle that registers as a farm truck or truck tractor reduces county revenue by \$0.70 in emission fees. The bill also reduces road safety surcharge revenue, thereby decreasing HUTF distributions to counties and municipalities.

Departments Contacted

Agriculture

Public Health and Environment

Revenue