

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 11-0668

Date: March 2, 2011

Prime Sponsor(s): Rep. Priola

Bill Status: House Transportation

Fiscal Analyst: Kurtis Morrison (303-866-3140)

TITLE: CONCERNING THE APPLICATION OF VEHICLE LAWS TO POWERSPORTS VEHICLES THAT OPERATE ON ROADWAYS.

Fiscal Impact Summary	FY 2011-2012	FY 2012-2013	FY 2013-2014
State Revenue			
Cash Funds			
Bridge Special Fund	\$1.6 million	\$1.0 million	\$260,000
Highway Users Tax Fund (HUTF)	3.8 million	2.4 million	600,000
License Plate Cash Fund	226,800	151,200	37,800
Multiple Cash Funds — Fines and Penalties	Increase	Increase	Increase
State Expenditures			
Cash Funds			
Multiple Cash Funds	\$383,066	\$401,064	\$272,013
FTE Position Change	4.8 FTE	4.4 FTE	2.1 FTE
Effective Date: April 1, 2012.			
Appropriation Summary for FY 2011-2012: See State Appropriations section.			
Local Government Impact: See Local Government Impact section.			

Summary of Legislation

House Bill 11-1264 allows off-highway vehicles (OHVs) to be operated on public roadways subject to the following requirements.

Registration, titling, and insurance requirements. OHVs operated on public roadways must be registered with the Department of Revenue (DOR) and be insured. Upon registration, an OHV owner must pay: a \$10 registration fee, a \$4 county fee, and a \$0.50 motorist insurance identification (MII) fee. A dealer may act as the agent of the DOR to issue a temporary registration for an OHV. License plates issued to OHVs do not require tabs or renewals; however, an OHV registration expires upon the sale or transfer of an OHV to another person.

Speed limits and rules of the road. OHVs must obey all rules of the road and may not exceed 40 miles per hour (mph) on public roadways. Furthermore, the bill provides that OHVs may not be driven on roads with speed limits greater than 45 mph, except to cross the road. Driving on limited-access highways is prohibited. OHVs are only permitted on state highways for when directly crossing a state highway at an at-grade crossing, or if the Colorado Department of Transportation (CDOT) has authorized OHVs on a state highway located outside the boundaries of a municipality.

Equipment standards and rider requirements. The bill requires OHVs to meet state equipment standards, such as seats, seatbelts, brakes, stoplights, red reflectors, mirrors, and headlamps. Riders must be licensed, and an OHV may not carry more people than it is designed to carry. Drivers and passengers on an OHV without a windshield must wear protective goggles, eyeglasses, or a helmet that provides eye protection.

Regulation. The bill authorizes CDOT and local authorities to regulate the use of OHVs on state highways. OHVs may not be operated on paved roads if prevented by the appropriate local authority.

Liens. The bill permits a vehicle repair shop to restore a lien on an OHV in the same manner as placing a lien on a motor vehicle. Specifically, a lien may be restored if the vehicle owner's payment check has insufficient funds or is otherwise dishonored, or payment is not received within 12 days of receiving a bill.

Violations. Operating an unregistered OHV on a public roadway is a Class B traffic infraction, punishable by a \$50 penalty and a \$16 surcharge. Driving in excess of 45 mph, driving on unauthorized roadways, or carrying more persons than an OHV is designed for is a Class B traffic infraction. Violations of OHV insurance requirements are a Class 1 misdemeanor traffic offense, punishable by a \$500 to \$1,000 fine, a jail sentence of up to 1 year, or a combination of both.

State Revenue

The bill increases state cash fund revenue by approximately \$5.4 million in FY 2011-12, \$3.6 million in FY 2012-13, and \$897,800 in FY 2013-14. Table 1 summarizes state revenue resulting from the bill. This fiscal note makes the following assumptions:

- approximately 200,000 OHVs will be registered for road use in FY 2011-12 and FY 2012-13;
- 60 percent of the estimated 200,000 OHVs will be registered between April 1, 2012, through June 30, 2012, and the remaining 40 percent will register in FY 2012-13;
- approximately 20,000 OHVs will be registered for road use in FY 2013-14 and each year thereafter; and
- two-wheel OHVs will account for 15 percent of all OHVs registered.

Table 1. Revenue Generated by HB 11-1264

	Fee	Cash Fund	FY 2011-12	FY 2012-13	FY 2013-14
OHV Registrations			120,000	80,000	20,000
Road Safety Surcharge*	\$16.00	HUTF	\$1,920,000	\$1,280,000	\$320,000
Bridge Safety Surcharge*	\$13.00	Bridge Special Fund	\$1,560,000	\$1,040,000	\$260,000
Off-Highway Registration Fee	\$10.00	HUTF	\$1,200,000	\$800,000	\$200,000
Titling Fee	\$7.20	HUTF CSTAR Account (\$3.20)	\$384,000	\$256,000	\$64,000
		Registering County (\$4.00)	\$480,000	\$320,000	\$80,000
County Fee	\$4.00	Registering County	\$480,000	\$320,000	\$80,000
Motorcycle Endorsement Fee**	\$2.00	Motorcycle Operator Safety Training Fund	\$36,000	\$24,000	\$6,000
License Plate Production Cost Fee	\$1.89	License Plate Cash Fund	\$226,800	\$151,200	\$37,800
Motorist Insurance Identification (MII) Fee	\$0.50	HUTF MII Account	\$60,000	\$40,000	\$10,000
Penalties, Fines, and Surcharges	Varies	Multiple Cash Funds	Increase	Increase	Increase
TOTAL			\$6,346,800	\$4,231,200	\$1,057,800
— State Revenue			\$5,386,800	\$3,591,200	\$897,800
— County Revenue			\$960,000	\$640,000	\$160,000

* Fee amounts are greater for OHVs exceeding 2,000 pounds.

** Fee only applies for operation of two-wheeled OHVs.

Other fee revenue. Additional revenue may also be generated through the assignment of vehicle identification numbers (VINs) to OHVs without a prescribed VIN used for registration purposes. Fees for VIN assignments are \$3.50; \$2.50 retained by the registering county, and \$1.00 credited to the Highway Users Tax Fund (HUTF) Colorado State Titling and Registration (CSTAR) Account. Additional fee revenue is possible due to bonding for title for OHVs for which owners are unable to provide sufficient ownership documents. The fee for conducting a VIN search during the bonding process is \$2.20 and is deposited in the CSTAR Account. Revenue generated by both fees is anticipated to be minimal.

State Expenditures

The bill increases state cash fund expenditures by \$383,066 in FY 2011-12, \$401,064 in FY 2012-13, and \$272,013 in FY 2013-14. The bill also increases FTE by 4.8 in FY 2011-12, 4.4 in FY 2012-13, and 2.1 in FY 2013-14. To implement the bill, the DOR is required to assume costs for processing and managing OHV registrations, managing record storage and retention, adding new codes for traffic violations, conducting VIN searches and processing, processing title transactions, handling vehicle title issuance complaints, and processing driver reinstatements following license suspensions. To implement the bill, the DOR Division of Motor Vehicles requires FTE for an Administrative Assistant II. Additional staff will be necessary for the first two fiscal years of the bill's implementation, with decreased staff needs in FY 2013-14 and in following fiscal years. To respond to increased consumer complaints for title delivery for OHVs, a Criminal

Investigator I is also required within the Auto Industry Section of the DOR Enforcement Unit. Table 2 summarizes the bill's FTE impact. Table 3 summarizes other DOR non-personnel expenditures necessary to implement the bill.

Table 2. DOR FTE Under HB 11-1264			
Cost Component	FY 2011-12	FY 2012-13	FY 2013-14
Administrative Assistant II — Division of Motor Vehicles, Titles and Registration			
Personal Services*	\$34,809	\$150,085	\$37,055
FTE**	3.1	3.2	1.1
Operating Expenses and Capital Outlay	21,625	3,040	1,045
Criminal Investigator I — Enforcement Unit, Auto Industry Section			
Personal Services	33,236	69,565	62,607
FTE	1.7	1.2	1.0
Operating Expenses and Capital Outlay	5,620	950	950
TOTAL	\$95,290	\$223,640	\$101,657

* Personal Services and FTE are prorated for 4 months of FY 2011-12

** FTE increases are all in relation to current fiscal year staff levels.

Table 3. DOR Non-Personnel Expenditures Under HB 11-1264*			
Cost Components	FY 2011-12	FY 2012-13	FY 2013-14
Computer Programming			
— MII Database (48 hours at \$125 private contractor rate per hour)	\$6,000		
— CSTAR System (210 hours at \$74 per hour)	15,540		
OHV License Plate Production Costs (\$1.89 per set)*	226,800	151,200	151,200
Registration Materials and Envelopes (\$0.21 per registration)	25,200	16,800	16,800
Title Issuance (\$0.06 per title)	6,996	4,664	1,166
OHV Record Storage and Retention (\$0.06 per registration)	7,140	4,760	1,190
OHV License Plate Design (1 hour at \$200 per hour)	100		
VIN Plate Ordering (\$0.65 per VIN plate)	Increase	Increase	Increase
TOTAL	\$287,776	\$177,424	\$170,356

* Assumes that 120,000 plates will be printed in FY 2011-12, 80,000 will be printed in FY 2012-13, and 20,000 will be printed in subsequent fiscal years.

Expenditures Not Included

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are summarized in Table 4.

Table 4. Expenditures Not Included Under HB 11-1264*		
Cost Components	FY 2011-12	FY 2012-13
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$34,080	\$31,240
Supplemental Employee Retirement Payments	9,578	8,338
TOTAL	\$43,658	\$39,578

**More information is available at: <http://colorado.gov/fiscalnotes>*

State Appropriations

For FY 2011-12, the DOR requires three cash fund appropriations:

- \$226,800 from the License Plate Cash Fund,
- \$111,410 from the HUTF CSTAR Account,
- \$38,856 from the Motor Vehicle Licensing Board Cash Fund, and
- \$6,000 from the HUTF MII Account.

The Governor's Office of Information Technology also requires \$15,540 in reappropriated funds for computer system reprogramming.

Local Government Impact

The bill increases local government revenue by approximately \$960,000 in FY 2011-12, \$640,000 in FY 2012-13, and \$160,000 in FY 2013-14 resulting from registration and title fees credited to county governments. The bill also increases local government HUTF distributions credited 26 percent to counties and 9 percent to cities.

The bill also has a conditional impact on local government expenditures by an indeterminate amount. The bill imposes additional burdens on law enforcement entities, municipal courts, and local transportation departments. Furthermore, additional signage for local roads may be installed by local governments that authorize the use of OHVs on public roadways. Such costs are conditional on each local government and have not been estimated in the fiscal note.

Departments Contacted

Revenue Transportation