HB12-1038

Colorado Legislative Council Staff Fiscal Note

STATE and LOCAL FISCAL IMPACT

Drafting Number:	LLS 12-0150	**Date:**	February 8, 2012
Prime Sponsor(s):	Rep. Looper Sen. Williams S.	**Bill Status:**	House Transportation
		Fiscal Analyst:	Jonathan Senft (303-866-3523)

TITLE: CONCERNING THE CREATION OF A MULTI-YEAR REGISTRATION FOR CLASS A TRAILERS.

Fiscal Impact Summary	Current Year	FY 2012-2013	FY 2013-2014
State Revenue			
Cash Funds		$9,964	$25,528
State Expenditures			
General Fund	$118,000	$45,147	$17,543
FTE Position Change		0.3 FTE	0.4 FTE
Effective Date: Upon signature of the Governor, or upon becoming law without his signature.			
Appropriation Summary for FY 2012-2013: See State Appropriation section.			
Local Government Impact: Increase; See Local Government Impact section.			

Summary of Legislation

This bill, ***as recommended by the Transportation Legislation Review Committee,*** establishes a permanent registration for Class A trailers and semitrailers. In order to qualify for the permanent registration, an owner must either be based outside of Colorado, or if the owner is based in Colorado, then the trailer must be at least 10 years old. The new registration is permanent, but expires when the trailer or semitrailer transfers ownership.

State Revenue

Overall, this bill is anticipated to increase net state cash fund revenue by $9,964 in FY 2012-13 and $25,528 in FY 2012-13. This bill will result in a reduction of the number of trailers that currently register annually at a rate of $21.09 and increase the number of permanent registrations paying $120 each year by 400 trailers. It will also add a new category of Colorado-registered trailers from out-of-state applicants of 400 per year. Finally, this fiscal note assumes that beyond FY 2012-13, registrations will increase by 20 percent of trailers now registered statewide. This increase reflects new trailers currently registered out of state, in-state registered trailers reaching 10 years of age, and transfers from trailer sales.

Fee Impact on Individuals, Families or Business

Section 2-2-322, C.R.S., requires legislative service agency review of measures which create or increase any fee collected by a state agency. The table below identifies the fee impact of this bill.

Table 1. Fee Impact of HB12-1038 for In-State and Out-of-State Permanent Registrations

	Fee	Number Affected 2012-13	State and Local Revenue 2012-13	Number Affected 2013-14	State and Local Revenue 2013-14
Decrease in Annual Registrations	$21.09	400	($8,436)	400	($8,436)
Increase in Permanent Registrations	$120	800	$96,000	1000	120,000
TOTAL			**$87,564***		**$111,564***

* *The majority of this revenue is Specific Ownership Tax, which is allocated to local governments, county distributions significantly reduce state revenue. See the Local Government Impact section for these allocations.*

State Expenditures

This bill is expected to increase General Fund expenditures by $118,000 in the current fiscal year, $45,147 in FY 2012-13 and $17,543 in FY 2013-14.

Department of Revenue (DOR). This bill requires a tax examiner for the collection, examination and processing of multi-year registrations of out-of-state Class A trailers. This will result expenditures of $13,157 and 0.3 FTE in the first year, and $17,543 and 0.4 FTE in the second year of operation. The DOR is also required to report on the cost effectiveness of this program in 2014, which is included in these costs.

Systems Reprogramming. This bill requires reprogramming to the state's GenTax system at a cost of $118,000 in the current fiscal year, and $32,000 in FY 2012-13. Because of the effective date of this bill, the majority of these costs will need to be appropriated to the DOR in the current fiscal year, and reappropriated to the OIT.

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 2.

Table 2. Expenditures Not Included Under HB12-1038*		
Cost Components	**FY 2012-13**	**FY 2013-14**
Employee Insurance (Health, Life, Dental, and Short-term Disability)	$2,130	$2,840
Supplemental Employee Retirement Payments	582	915
TOTAL	**$2,712**	**$3,755**

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

Local Government Impact

This bill increases Specific Ownership Tax revenue to local governments. Within the fee structure proposed by this bill, local government revenue could increase by $77,600 in FY 2012-13 and $97,000 in FY 2013-14. In addition, this bill increases revenue to the Highway Users Tax Fund (HUTF) by $10,400 in FY 2012-13 and $13,000 in FY 2013-14. The HUTF distributions are credited 22 percent to counties and 18 percent to municipalities.

State Appropriations

For the current fiscal year, FY 2012-13, the Department of Revenue (DOR) requires an appropriation of $118,000, General Fund, which will be reappropriated to the Governor's Office of Information Technology (OIT). For FY 2012-13, the DOR requires an appropriation of $45,147, General Fund. Of this amount, $32,000 will be reappropriated to the OIT.

Departments Contacted

Governor's Office　　Revenue　　Transportation

Departmental Differences

The Department of Revenue estimates that state expenditures will increase at a different rate beginning in FY 2012-13 through the next ten years, reflecting a cumulative effect of revenues lost year over year. The department acknowledges that 400 trailers are likely to opt out of the annual registration program in the first year of this bill, and that revenue will be lost accordingly. However, the department asserts that revenue will be lost in consecutive years for the anticipated life of the trailer, up to ten years. For example, in FY 2013-14, the department estimates double the lost revenue reflected in this note, with 400 new annual registrations lost, and an additional 400 registrations lost from the previous year, resulting in a lost revenue of $16,872 for FY 2013-14. According to the department, the same concept would apply for the following years, meaning a loss of $25,308 in FY 2014-15 and so forth, until FY 2022-23. This fiscal note assumes that there is no guarantee that a trailer once-registered under the annual program would re-register yearly, or remain in state and functioning, and therefore bases the estimated losses from annual registrations at a static 400 trailers per year, which is the minimal known value.