

**FINAL  
FISCAL NOTE**

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<b>Drafting Number:</b>	LLS 12-0154	<b>Date:</b>	August 13, 2012
<b>Prime Sponsor(s):</b>	Rep. Vaad Sen. King S.	<b>Bill Status:</b>	Signed into Law
		<b>Fiscal Analyst:</b>	Jonathan Senft (303-866-3523)

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**TITLE:** CONCERNING THE ABOLITION OF THE MOTOR CARRIER SERVICES DIVISION OF THE DIVISION OF MOTOR VEHICLES OF THE DEPARTMENT OF REVENUE, AND, IN CONNECTION THEREWITH, TRANSFERRING THE POWERS, DUTIES, AND FUNCTIONS OF THE MOTOR CARRIER SERVICES DIVISION RELATING TO PORTS OF ENTRY TO THE COLORADO STATE PATROL OF THE DEPARTMENT OF PUBLIC SAFETY, TRANSFERRING THE POWERS, DUTIES, AND FUNCTIONS OF THE MOTOR CARRIER SERVICES DIVISION RELATING TO COMMERCIAL DRIVER'S LICENSES AND THE INTERNATIONAL REGISTRATION PLAN TO THE DEPARTMENT OF REVENUE, AND MAKING AND REDUCING APPROPRIATIONS.

<b>Fiscal Impact Summary</b>	<b>FY 2012-2013</b>	<b>FY 2013-2014</b>
<b>State Revenue</b>	Potential Reduction - See State Revenue section.	
<b>State Expenditures</b> General Fund	\$182,371	
<b>FTE Position Change</b>		
<b>Effective Date:</b> The bill was signed into law by the Governor on April 26, 2012, and took effect July 1, 2012.		
<b>Appropriation Summary for FY 2012-2013:</b> See State Appropriations section.		
<b>Local Government Impact:</b> None.		

**Summary of Legislation**

This bill designates the Colorado State Patrol (CSP) in the Department of Public Safety as the enforcement and permit authority for Colorado ports of entry.

Beginning on July 1, 2012, the Motor Carrier Services division of the Department of Revenue (DOR) is transferred to the CSP. This transfer includes all statutory authority, powers, duties, personnel, property, funding, budgeting, purchasing and planning of the ports of entry section of the division will be transferred from the DOR to the CSP. The DOR will retain the commercial driver's license and international registration plan functions.

The bill also specifies that a port of entry officer has the authority of a peace officer to perform and enforce his or her duties, including restraining and detaining persons or vehicles and impounding vehicles under certain conditions. It also allows CSP to set operating hours at ports of entry and all ports of entry officers to conduct safety inspections.

## **Background**

In the current fiscal year FY 2011-12 and including central administration, the DOR is appropriated about \$11.1 million and 132.3 FTE to operate the ports of entry. These staff enforce requirements for the estimated 7 million commercial vehicles that travel through the ports of entry each year and generate \$2.5 million annually through vehicle registration compliance.

## **State Revenue**

Overall, this bill may reduce revenue, as discussed below. This fiscal note assumes that no significant changes in processes or operations will occur during the transition period. It also 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.

However, under current law, ports of entry are operated on a 24 hour basis. This bill authorizes the CSP to establish hours of operation at ports. If the CSP chooses to operate on a less frequent basis, the state may experience a reduction in revenues. These amounts have not been estimated. Second, under current law, all vehicles cleared through the port of entry stations are required to display a distinct marking indicating the vehicle's owner. To the extent that vehicle owners are not currently complying with this requirement and the state collects any fine or penalty revenue, this revenue will be lost. While not available as of this writing, this analysis assumes any such reduction will be minimal.

## **State Expenditures**

This bill shifts approximately \$12 million in state expenditures and 122.3 FTE from the DOR to the CSP beginning in FY 2012-13. For FY 2012-13 only, this bill drives \$182,371 in the CSP for one-time costs to effect the transition. These changes are described more fully below.

***Ports of entry appropriation transfer from the DOR to the CSP.*** This bill is not expected to change the total expenditures for the management of the ports of entry. In the current fiscal year FY 2011-12, the DOR is appropriated \$8.6 million and 117.8 in the Motor Carrier Services division, and \$2.2 million and 4.5 FTE within its central administration and capital construction lines. The fiscal note assumes that these amounts will transfer with their current funding sources and FTE. This analysis further assumes that all current staff will be transferred to CSP and retain the same rights and privileges they enjoy under the DOR.

Due to the provisions of the bill that allow the CSP to adjust ports of entry operating hours and expand the types of staff permitted to conduct safety inspections, operational efficiencies may be gained in the future. These amounts have not been estimated or included in the fiscal note.

**Department of Public Safety.** This fiscal note assumes that one-time state expenditures of \$182,371 will be incurred under the CSP in FY 2012-13, as described below.

- **Administrative costs.** A total of \$26,247 is required to move, train and equip transferring FTE with new badges and uniforms.
- **Computer system changes.** A total of \$156,124 is required to make systems changes, including reconfiguring the ports of entry system's (wheels) access to DOR computers. Access to the Kronos system will also be modified to support the transfer of staff billings from DOR to CSP. Due to the age and condition of the systems involved, it should be noted that additional costs may be incurred once the changes are underway. The fiscal note assumes these costs will be addressed through the annual budget process.

**Department of Revenue.** Beginning in FY 2012-13, the DOR will continue to require at least \$597,101 General Fund and 10.0 FTE to administer the commercial driver's license and international registration plan programs. Additional moneys may be required to address refinancing needs as a result of the transfer. These costs are discussed in the Expenditures Not Included section below.

### **Expenditures Not Included**

The bill affects indirect cost allocations within the DOR. 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 \$207,577 or 21 percent of the indirect costs in the DOR. Some portion of these indirect costs will be reallocated to other divisions in the DOR, which will require an increase in appropriations. Similarly, the CSP will also experience a change in indirect costs under this bill. The fiscal note assumes the DOR and CSP will request the necessary adjustments for indirect costs through the annual budget process, and therefore has not included them in the state expenditures.

### **State Appropriations**

Adjustments in appropriations required under the bill for FY 2012-13 are shown in Table 1.

<b>Table 1. Adjustments in Appropriations Under HB12-1019</b>						
<b>Line Item</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Hazardous Materials Cash Fund</b>	<b>HUTF</b>	<b>RF</b>	<b>FTE</b>
<b>DOR Reductions</b>						
Ports of Entry	(\$7,470,440)	-	(\$210,210)	(\$7,260,230)	\$-	(117.8)
Executive Director	(2,228,395)	283,349	61,287	(2,597,731)	24,700	(2.0)
Central Admin.	(5,568)	75,927	34,921	(127,789)	11,373	-
Div. Motor Vehicles	(152,297)	20,124	35,461	(207,882)	-	(2.5)
Capital Construction	(2,263,218)	-	-	(2,263,218)	-	-
Indirect Costs	36,073	-	36,073	-	-	-
<b>DOR Increases</b>						
Div. Motor Vehicles	597,101	597,101	-	-	-	10.0
<b>CSP</b>						
Executive Director	2,263,038	(283,704)	38,696	1,906,652	601,394	4.5
Ports of Entry	8,629,442	0	(210,210)	8,419,232		117.8
Capital Construction	2,263,218			2,263,218		
One-time costs	182,371	182,371	-	-	-	-
<b>OIT</b>						
System changes	156,124	-	-	-	156,124	-

**Departments Contacted**

Governor's Office  
Personnel and Administration  
Regulatory Agencies  
Transportation

Law  
Public Safety  
Revenue  
Treasury