

**STATE and LOCAL
FISCAL IMPACT**

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Prime Sponsor(s): Rep. Priola

Bill Status: House Transportation

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TITLE: CONCERNING THE APPLICATION OF VEHICLE LAWS TO POWERSPORTS VEHICLES.

Fiscal Impact Summary	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
State Revenue		<u>\$1.4 million</u>	<u>\$1.5 million</u>	<u>\$572,498</u>
Cash Funds				
Highway Users Tax Fund—Multiple Accounts		1,210,595	1,267,267	460,748
License Plate Cash Fund		174,159	205,701	111,750
State Expenditures				
Cash Funds				
Multiple Cash Funds	\$25,900	\$415,948	\$496,337	\$261,983
FTE Position Change		1.2 FTE	2.6 FTE	2.6 FTE
Effective Date: July 1, 2013, with provisions taking effect on or after April 1, 2014.				
Appropriation Summary for FY 2012-2013: See State Appropriations section.				
Local Government Impact: See Local Government Impact section.				

Summary of Legislation

This bill details the provisions in which off-road and powersports vehicles, also known as off-highway vehicles (OHVs), can be driven on roads. These provisions are primarily safety related. This bill also aligns the OHV registration, titling and insurance process with other motor vehicles.

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 an 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.

Driver's license requirements. With exceptions provided in state law, a person operating an OHV on a highway must hold a valid driver's license or minor driver's license.

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, and headlamps. Drivers and passengers on an OHV without a windshield must wear protective goggles, eyeglasses, or a helmet that provides eye protection.

Violations. Operating an unregistered OHV on a public roadway, 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, punishable by a \$50 penalty and a \$16 surcharge. 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 \$1,384,752 in FY 2013-14, \$1,472,968 in FY 2014-15, and \$572,498 in FY 2015-16. Table 1 summarizes state revenue from registrations, license plate production, titling, and fees related to the issuance of a Vehicle Identification Number. This fiscal note makes the following assumptions:

- 81,102 OHVs will be registered for road use in FY 2013-14; 86,068 in FY 2014-15; and 32,000 in 2015-16;
- 121,573 OHVs will be titled in 2013-14; 123,766 in 2014-15; and 42,717 in 2015-16;
- 5 percent of all OHVs registered will require a Colorado Assigned Vehicle Identification Number (VIN).

Department of Revenue. The revenue in Table 1, below, will be collected by the Department of Revenue (DOR) and county clerks, who act as agents of the DOR. Collections are handled through the Colorado State Titling and Registration System.

Table 1. State Revenue Generated by HB 12-1066					
	Fee	Cash Fund	FY 2013-14	FY 2014-15	FY 2015-16
OHV Registrations			81,102	86,608	32,000
Off-Highway Registration Fee	\$10.00	HUTF	\$811,020	\$860,080	\$320,000
Clerk Hire Fee	\$4.00	Registering County	\$324,408	\$344,271	\$128,000
Motorist Insurance Identification (MII) Fee	\$0.10	HUTF MII Account	\$8,110	\$8,661	\$3,200
Penalties, Fines, and Surcharges	Varies	Multiple Cash Funds	Increase	Increase	Increase
Subtotal - Registration Fees			\$1,143,538	\$1,213,056	\$451,200
OHV Licence Plate Production			92,148	108,836	59,127
License Plate Production Fee	\$1.89	License Plate Cash Fund	\$174,159	\$205,701	\$111,750
Subtotal - License Plate Production Fees			174,159	205,701	111,750
OHV Titles			121,573	123,766	42,717
Titling Fee	\$7.20	HUTF CSTAR Account (\$3.20)	\$389,034	\$396,051	\$136,694
		Registering County (\$4.00)	\$486,292	\$495,064	\$170,868
Subtotal - Titling Fees			\$875,326	\$891,115	\$307,562
OHV VIN Assignment (5 percent of all vehicles)			2,431	2,475	854
VIN Assignment Fee	\$3.50	HUTF CSTAR Account (\$1.00)	\$2,431	\$2,475	\$854
		Registering County (\$2.50)	\$6,078	\$6,188	\$2,135
Subtotal - VIN Assignment Fees			\$8,509	\$8,663	\$2,989
TOTAL REVENUE			\$2,201,531	\$2,318,535	\$873,501
— State Revenue			\$1,384,754	\$1,472,968	\$572,498
— County Revenue			\$816,778	\$845,567	\$301,003

Department of Natural Resources (DNR). The Department of Natural Resources currently operates a registration program for off-highway vehicles, which is unaffected by this bill. This will create a 'dual registration' process, where OHV operators will need to register with the DOR well as the DNR. There is a potential that OHV owners registering their vehicle with DOR could believe they no longer have to register with DNR. This could result in a loss of revenue to the Off-Highway Vehicle Registration Fund, although it is impossible to estimate the number of individuals who would make this error. On the other hand, individuals who have not filed with both departments will be fined, potentially adding revenue to this fund.

State Expenditures

The bill increases state cash fund expenditures by \$415,948 in FY 2013-14, \$496,337 in FY 2014-15, and \$261,983 in FY 2015-16. The bill also increases FTE by 1.2 in FY 2013-14, 2.6 in FY 2014-15, and 2.6 in FY 2015-16.

Department of Revenue. The DOR is required to process and manage OHV registrations, manage record storage and retention, add new codes for traffic violations, conduct VIN searches, process title transactions, handle vehicle title issuance complaints, process driver reinstatements following license suspensions, and respond to consumer complaints. Costs will be incurred in both the Division of Motor Vehicles and the Auto Industry Section of the DOR Enforcement Unit. Table 2 summarizes the bill's FTE impact on DOR.

Table 2. Department of Revenue Costs Under HB 12-1066				
Cost Component	FY2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Personal Services*		\$167,097	\$235,341	\$116,363
FTE**		0.9	2.6	2.6
Operating Expenses and Capital Outlay		224,927	265,699	145,620
IT Costs (Reappropriated)	\$25,900			
TOTAL	\$29,500	\$392,024	\$496,337	\$261,983

* *Personal Services and FTE for Administrative Assistant II are prorated for 4 months of FY 2013-14.*

** *Operating Expenses for Criminal Investigator I include additional supplies and outlay for peace officers (i.e. radio, firearm, handcuffs, baton, flashlights, badges, and ammunition).*

Department of Regulatory Agencies (DORA). This bill creates a new line of insurance for off-highway vehicles, as well as authorizes existing vehicles insured for off-highway use to be able to be used on highways. The Division of Insurance in DORA will be required to review initial insurance filings to ensure rates are not excessive, inadequate, or unfairly discriminatory. Table 3 below summarizes the costs necessary to perform these duties.

Table 3. Department of Regulatory Agencies Costs Under HB 12-1066			
Cost Component	FY 2013-14	FY 2014-15	FY 2015-16
Personal Services	\$22,538		
FTE	0.3		
Operating Expenses and Capital Outlay	1,386		
TOTAL	\$23,924	\$0	\$0

Department of Law. This bill requires the issuance of titles, registrations and temporary registrations by the Department of Motor Vehicles. The bill also requires that powersports dealers deliver the titles to purchasers within 30 days. These actions require rulemaking, which will need to be reviewed by the Attorney General's office. The enforcement of the delivery of titles will also require legal review and generate costs. Therefore, the Department of Law will require \$40,883 and 0.3 FTE. These costs are not included in the summary box of this fiscal note, as it has yet to be determined how these costs will be allocated.

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 12-1066*			
Cost Components	FY 2013-14	FY 2014-15	FY 2015-16
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$7,885	\$16,105	\$15,915
Supplemental Employee Retirement Payments	12,013	16,405	9,053
TOTAL	\$19,898	\$32,510	\$24,968

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

Local Government Impact

The bill increases local government revenue by approximately \$816,778 in FY 2013-14, \$845,522 in FY 2013-14, and \$301,004 in FY 2014-15 resulting from registration and title fees credited to county governments. The bill also increases local government HUTF distributions, which are 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, as well as requiring the creation of new statutes. 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.

State Appropriations

The Department of Revenue requires an appropriation of \$25,900, reappropriated cash funds, in FY 2012-13.

Departments Contacted

Local Affairs

Regulatory Agencies

Revenue

Transportation