

**STATE and LOCAL  
FISCAL IMPACT**

**Drafting Number:** LLS 12-0963

**Date:** May 4, 2012

**Prime Sponsor(s):** Sen. Cadman

**Bill Status:** Senate Transportation

**Fiscal Analyst:** Jonathan Senft (303-866-3523)

**TITLE:** CONCERNING THE REGISTRATION OF SPECIAL MOBILE MACHINERY FLEETS.

<b>Fiscal Impact Summary</b>	<b>FY 2012-2013</b>	<b>FY 2013-2014</b>
<b>State Revenue</b>		
Cash Funds	<u>\$147,203</u>	<u>\$168,203</u>
CSTARS Account	75,704	\$86,504
Highway Users Tax Fund	8,412	9,612
SMM Administration and Enforcement Fund	63,087	72,087
State Highway Fund	increase	increase
<b>State Expenditures</b>		
Cash Funds	\$250,955	\$199,171
<b>FTE Position Change</b>	0.8 FTE	0.9 FTE
<b>Effective Date:</b> August 8, 2012, if the General Assembly adjourns on May 9, 2012, as scheduled, and no referendum petition is filed.		
<b>Appropriation Summary for FY 2012-2013:</b> See State Appropriations section.		
<b>Local Government Impact:</b> See Local Government Impact section.		

**Summary of Legislation**

This bill allows owners of 10 or more pieces of special mobile machinery (SMM) to register their entire fleet once per year. Special mobile machinery includes vehicles commonly used in the construction, maintenance, and repair of roadways, the drilling of wells, and the digging of ditches. Under current law, these vehicles must be registered separately. In addition, the bill:

- allows for the use of special plates, stickers or a certificate indicating that a SMM registration is pending;
- removes the requirement for SMM not operating on highways to have an annual validating tab or sticker;
- allows fleet owners to quarterly prorate the registration of each vehicle to accommodate the registration of an entire fleet; and
- requires a \$7.00 fee per vehicle to register a fleet, in addition to regular taxes and fees paid on each vehicle in the fleet.

In order to register a fleet under this bill, an owner must submit a report to the registering county clerk, and the Department of Revenue, stating where the SMM was first delivered in the state, with evidence of taxes and fees paid in the preceding quarter.

**Background**

Under current law, out-of-state SMM that operate in Colorado for less than one month per year can pay SOT at a port of entry operated by the Department of Revenue (DOR). All other transactions are processed at county clerk and recorder offices. If SOT is collected at a port of entry, the state retains \$0.50 of each transaction, which is credited to the Colorado State Titling and Registration (CSTAR) account in the Highway Users Tax Fund (HUTF), and the remainder is distributed to the county. In addition, rental fleet owners can register vehicles individually through the 'two percent program,' whereby owners can remit monthly payments of two percent of their rental income fees proportional to the counties where the equipment is used.

**State Revenue**

**For FY 2012-13, this bill is expected to increase state revenue by \$147,203. For FY 2013-12 and beyond, this bill is expected to increase state revenue by \$168,203.** In addition to regular taxes and fees that are otherwise paid, this bill requires a fee of \$7.00 for each vehicle in each fleet registered. It estimated that 21,029 vehicles will be registered in the first year under this bill. It is estimated that 3,000 new SMM vehicles will be registered in the second year.

**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.

<b>Table 1. Fee Allocation of SB12-184</b>					
<b>SMM Fleet Vehicles Registration Fee (\$7.00)</b>	<b>Fee</b>	<b>FY 2012-13</b>		<b>FY 2013-14</b>	
		<b>Number</b>	<b>Fee Impact</b>	<b>Number</b>	<b>Fee Impact</b>
CSTAR Account	\$3.60	21,029	\$75,704	24,029	\$86,504
Highway Users Tax Fund	\$0.40	21,029	8,412	24,029	9,612
Administration and enforcement	\$3.00	21,029	63,087	24,029	72,087
<b>TOTAL</b>			<b>\$147,203</b>		<b>\$168,203</b>

**State Expenditures**

**The bill is expected to increase state cash fund expenditures by \$250,955 in FY 2012-13 and \$199,171 in FY 2013-14.** Table 2 below shows the expenditures related to this bill.

<b>Table 2. Expenditures Under SB12-184</b>		
<b>Cost Components</b>	<b>FY 2012-13</b>	<b>FY 2013-14</b>
Personal Services (DOR)	\$28,326	\$31,867
FTE	0.8	0.9
Operating Expenses and Capital Outlay	128,849	147,239
Plate Postage	17,560	20,065
Computer Programming	76,220	0
<b>TOTAL</b>	<b>\$250,955</b>	<b>\$199,171</b>

**Department of Revenue.** The Department of Revenue will be responsible for processing registration applications, among other things. In addition, costs will be incurred for the design and delivery of the new plates.

**Governor's Office of Information Technology.** This bill requires 1,030 hours in computer programming to add new fields to all applicable tables and ISAM files in the Colorado State Titling and Registrations System (CSTARS) for charging, collecting and distributing a new fee. This estimate includes testing, both internal and UAT, documentation and implementation in the CSTARS.

This bill directs that \$3 dollars from the program fee be used for administration and enforcement of the program, subject to appropriation by the General Assembly.

**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 3.

<b>Table 3. Expenditures Not Included Under SB12-184*</b>		
<b>Cost Components</b>	<b>FY 2012-13</b>	<b>FY 2013-14</b>
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$710	\$605
Supplemental Employee Retirement Payments	184	212
<b>TOTAL</b>	<b>\$894</b>	<b>\$817</b>

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

### **Local Government Impact**

**The bill increases county and municipal government revenue by at least \$2,944 in FY 2012-13 and \$3,364 in FY 2013-14 and beyond.** Since this bill is expected to increase HUTF revenue by \$8,412 in FY 2011-12, and 9,612 in FY 2012-13 and beyond, county and other local distributions are increased accordingly. HUTF revenue generated by fees in this bill is distributed to the State Highway Fund (65 percent), counties (26 percent) and municipalities (9 percent) for transportation.

In addition, because this bill allows fleet owners to prorate registration fees, county revenue from Specific Ownership Tax may be delayed. These funds are allocated to special districts who may then need to wait a given amount of time for the redistribution. This delay may cause an undetermined impact to both the counties and special districts, which includes law enforcement and school district funding.

### **State Appropriations**

For the current fiscal year of 2012-13, this bill requires an appropriation of \$147,203 and 0.8 FTE, cash funds, to the Department of Revenue.

### **Departments Contacted**

Local Affairs  
Revenue

Governor's Office of Information Technology  
Transportation