



Colorado Legislative Council Staff Fiscal Note
**STATE and LOCAL
 FISCAL IMPACT**

Drafting Number: LLS 12-0699
Prime Sponsor(s): Rep. Becker
 Sen. Lambert

Date: February 22, 2012
Bill Status: House Appropriations
Fiscal Analyst: Jonathan Senft (303-866-3523)

TITLE: CONCERNING THE FINANCING OF THE DIVISION OF MOTOR VEHICLES IN THE DEPARTMENT OF REVENUE.

Fiscal Impact Summary	FY 2012-2013	FY 2013-14
State Revenue		
State Transfers or Diversions Diversion from the Highway Users Tax Fund to the Licensing Services Cash Fund	(\$19.8 million)	
State Expenditures General Fund Cash Funds Licensing Services Cash Fund Highway Users Tax Fund appropriation to the Department of Revenue	(\$22.7 million) \$22.7 million (\$56,190)	
FTE Position Change		
Effective Date: This bill becomes effective upon the signature of the Governor, or upon becoming law without his signature.		
Appropriation Summary for FY 2012-2013: See State Appropriations section.		
Local Government Impact: See Local Government Impact section.		

Summary of Legislation

HB10-1387, which is set to repeal this year, diverted fee revenue from the Highway Users Tax Fund (HUTF) to the Licensing Services Cash Fund (LSCF) to fund the Division of Motor Vehicle in the Department of Revenue. This bill, recommended by the Joint Budget Committee, continues this diversion. Diverted fees are from driver's license examinations and from driver's licenses, commercial driver's licenses, learner's permits, minor driver's licenses, and identification cards issued by the department. Any of the moneys left in the LSCF at the end of the fiscal year, less 16.5 percent of the annual appropriation from the fund, are credited to the HUTF.

The bill also permits the use of fund balance from the motorist insurance identification account of the HUTF for expenses incurred by the division in FY 2012-13. Funding the division from these sources reduces revenue for state highways and at the same time reduces the General Fund obligation.

State Transfers and Diversions

In FY 2012-13, all fee revenue from driver's licenses currently credited to the HUTF will be credited to the LSCF. This results in decreased revenue to the HUTF of \$19,827,699 in FY 2011-12.

State Expenditures

Department of Revenue. There are no new state expenditures under this bill. However, several funding sources are kept in place to refinance General Fund expenditures with cash funds as described below.

Current projections indicate that cash fund revenues should fully support operations beginning in FY 2012-13. The amount of revenue generated for the Licensing Services Cash Fund in each year reduces revenue to the HUTF.

Department of Transportation. HUTF funding that otherwise is allocated to the State Highway fund will be allocated to the LSCF. Assuming at least \$22.7 million is either diverted or from the off-the-top appropriations, State Highway Fund expenditures are reduced by \$14.7 million each year (65% of the HUTF moneys).

Local Government Impact

Under the bill, at least \$7.9 million in HUTF revenue (35% of HUTF moneys) otherwise allocated to cities and counties will be used for the activities supported by the LSCF.

State Appropriations

The bill allows the FY 2012-13 Long Bill for the Department of Revenue to appropriate \$22.7 from the Licensing Services Cash Fund. It also decreases \$56,190 from the Highway Users Tax Fund and the General Fund appropriation to the Department of Revenue is reduced by \$22.7 million.

Departments Contacted

Revenue Transportation Local Affairs JBC Staff