

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

**Drafting Number:** LLS 12B-2013  
**Prime Sponsor(s):** Rep. Bradford

**Date:** May 14, 2012  
**Bill Status:** House Economic & Business Development  
**Fiscal Analyst:** Jonathan Senft (303-866-3523)

**TITLE:** CONCERNING THE REGISTRATION OF SPECIAL MOBILE MACHINERY FLEETS, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

Fiscal Impact Summary	FY 2012-2013	FY 2013-2014
<b>State Revenue</b>		
Cash Funds	<u>\$147,203</u>	<u>\$21,000</u>
CSTARS Account	75,704	\$10,800
Highway Users Tax Fund	8,412	1,200
SMM Administration and Enforcement	63,087	9,000
State Highway Fund	increase	increase
<b>State Expenditures</b>		
Cash Funds	\$250,955	\$25,931
<b>FTE Position Change</b>	0.8 FTE	0.1 FTE
<b>Effective Date:</b> At the end of 90 days following the adjournment of the General Assembly, if 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, 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. This bill does not change current applicable SMM registration fees.

**Background**

Under current law, out-of-state SMM that operate in Colorado for less than one month per year can pay Specific Ownership Tax (SOT) and registration fees 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 Highway Users Tax Fund (HUTF), and the remainder is distributed to the county for further distribution to other local governments. 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 \$21,000.** 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 and 3,000 new vehicles will be registered in the second year. Under this bill, a vehicle once registered under this program will no longer require additional plates, decals or certificates, but vehicles owners must renew each vehicle each year under the fleet registration procedure proposed by this bill.

A portion of state revenue generated by this bill will be offset by an indeterminate reduction in revenue caused by eliminating the requirement for off-highway SMM to have an annual validating sticker or tab.

**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 HB12S-1003</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	3,000	\$10,800
Highway Users Tax Fund	\$0.40	21,029	8,412	3,000	1,200
Administration and enforcement	\$3.00	21,029	63,087	3,000	9,000
<b>TOTAL</b>			<b>\$147,203</b>	<b>\$16,800</b>	<b>\$21,000</b>

**State Expenditures**

The bill is expected to increase state cash fund expenditures by \$250,955 in FY 2012-13 and \$25,931 in FY 2013-14. Table 2 below shows the expenditures related to this bill.

<b>Table 2. Expenditures Under HB12S-1003</b>		
<b>Cost Components</b>	<b>FY 2012-13</b>	<b>FY 2013-14</b>
Personal Services (DOR)	\$28,326	\$3,541
FTE	0.8	0.1
Operating Expenses and Capital Outlay	128,849	19,885
Plate Postage	17,560	2,505
Computer Programming	76,220	0
<b>TOTAL</b>	<b>\$250,955</b>	<b>\$25,931</b>

*Department of Revenue.* The DOR must process 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 for the Colorado State Titling and Registrations System (CSTARS) for charging, collecting and distributing a new fee. This estimate includes testing, 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 HB12S-1003*</b>		
<b>Cost Components</b>	<b>FY 2012-13</b>	<b>FY 2013-14</b>
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$5,680	\$605
Supplemental Employee Retirement Payments	1,247	212
<b>TOTAL</b>	<b>\$6,927</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 \$420 in FY 2013-14 and beyond** from HUTF distributions of registration fees. 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 on a quarterly basis, it could affect the timing of SOT distributions to local governments, although total SOT distributions are not expected to change in the aggregate. SOT distributions are made to all local governments that collect property taxes, including counties, municipalities, school districts and special districts.

**State Appropriations**

For the current fiscal year of 2012-13, this bill requires an appropriation of \$250,955 and 0.8 FTE from the Colorado State Titling and Registration Account to the Department of Revenue. Of this amount, \$76,220 is reappropriated to the Governor's Office of Information Technology.

**Departments Contacted**

Local Affairs  
Revenue

Governor's Office of Information Technology  
Transportation