

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 13-0074 **Date:** January 11, 2013
Prime Sponsor(s): Rep. Young; Hamner **Bill Status:** House Transportation and Energy
 Sen. Hudak; Schwartz **Fiscal Analyst:** Jonathan Senft (303-866-3523)

TITLE: CONCERNING THE REPEAL OF THE FEE FOR THE BRANCH-OF-SERVICE IDENTIFIER ON CARDS ISSUED BY THE DEPARTMENT OF REVENUE.

| Fiscal Impact Summary | FY 2013-2014 | FY 2014-15 |
|--|---------------------|-------------------|
| State Revenue | | |
| Cash Funds | | |
| Highway Users Tax Fund | (\$73,584) | (\$82,125) |
| State Expenditures | | |
| Cash Funds | | |
| Licensing Services Cash Fund | up to \$5,000 | |
| FTE Position Change | | |
| Effective Date: August 7, 2013, if the General Assembly adjourns on May 8, 2013, as scheduled, and no referendum petition is filed. | | |
| Appropriation Summary for FY 2012-2013: See State Appropriations section. | | |
| Local Government Impact: See Local Government Impact section. | | |

Summary of Legislation

This bill, recommended by the **Transportation Legislation Review Committee**, eliminates the \$15 fee to add a military identifier on an applicant's driver's license or state identification card.

Background

Under House Bill 10-1209, a military service member or veteran may add an identifier to his or her driver's license or state identification card for a \$15 fee. The identifier indicates the branch of service of the applicant. Implementation for the identifier fee began in November 2012.

State Revenue

This bill is expected to reduce projected cash fund revenue by \$73,584 for FY 2013-14 and \$82,125 for FY 2014-15 and each year beyond. Revenue assumptions are based on program data thus far, averaging 22 issuances to individuals per business day who would no longer pay the \$15 fee.

This revenue would otherwise be credited to the Highway Users Tax Fund (HUTF), which is distributed to the State Highway Fund (60%), counties (22%), and municipalities (18%). This distribution is indicated below in Table 1.

| | FY 2013-14 | FY 2012-13 |
|--------------------|-------------------|-------------------|
| State Highway Fund | (\$44,150) | (\$49,274) |
| Counties | (16,188) | (18,068) |
| Municipalities | (13,245) | (14,783) |
| TOTAL | (\$73,584) | (\$82,125) |

State Expenditures

One-time state cash fund expenditures for computer programming will increase by up to \$5,000, cash funds, in FY 2013-14. These programming costs are related to the removal of the \$15 payment option through the Statewide Internet Portal Authority, which allows residents to renew driver's licenses online.

Local Government Impact

As is shown in Table 1, county and municipal governments receive a portion of the projected HUTF revenue from issuances, which they will not receive under this bill. Under this bill, revenue for local governments is reduced \$29,433 in FY 2013-14 and \$32,851 in FY 2014-15 and each year beyond.

State Appropriations

For FY 2013-14, the Department of Revenue requires an appropriation of up to \$5,000 from the Licensing Services Cash Fund.

Departments Contacted

Local Affairs Revenue Transportation