

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 14-0471	Date: January 28, 2014
Prime Sponsor(s): Sen. Rivera	Bill Status: Senate Finance
Rep. Coram; Scott	Fiscal Analyst: Kristen Koehler (303-866-4918)

SHORT TITLE: MILITARY VETERAN LICENSE PLATE FEE

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
State Revenue	(\$1,171,304)	(\$1,234,410)
Cash Funds	(1,171,304)	(1,234,410)
State Expenditures	\$1,236	\$0
Cash Funds	1,236	0
FTE Position Change		
Appropriation Required: \$1,236 - Department of Revenue (FY 2014-15)		

* This summary shows changes from current law under the bill for each fiscal year. Parentheses indicate a decrease in funds.

Summary of Legislation

This bill waives the one-time \$50 fee charged for certain military special license plates, if the person applying for the plates is a qualified military veteran. The exemption is allowed for one set of plates per applicant and applies to the following 14 special license plates: Veteran of the United States Armed Forces, United States Marine Corps, Veteran of the Korean war, United States Army, United States Navy, Bronze Star, United States Coast Guard, United States Air Force, United States Army special forces, Veteran of the Afghanistan war, Veteran of the Iraq war, Veteran of Operation Desert Shield or Desert Storm, Distinguished Flying Cross, and Navy SEAL.

The one-time fee includes \$25 credited to the Highway Users Tax Fund and \$25 credited to the Licensing Services Cash Fund.

State Revenue

Eliminating the one-time \$50 fee for military special license plates will reduce state cash fund revenue by \$1,171,304 in FY 2014-15 and by \$1,234,410 in FY 2015-16. Half of the reduction will accrue to the Highway Users Tax Fund (HUTF) and half will accrue to the Licensing Services Cash Fund (LSCF). Based on the actual number of military special license plates issued in the past, this fiscal note assumes that 23,427 plate sets will be issued to eligible veterans in FY 2014-15 and 24,688 sets in FY 2015-16.

Highway Users Tax Fund. The bill will reduce revenue to the HUTF by \$585,652 in FY 2014-15 and \$617,205 in FY 2015-16. HUTF money is distributed to the State Highway Fund (SHF) in the Colorado Department of Transportation and to counties and municipalities. The SHF receives 65 percent of revenue from the issuance fee; therefore, revenue to the SHF will be reduced by \$380,673 in FY 2014-15 and \$401,183 in FY 2015-16 as a result of the bill.

Licensing Services Cash Fund. The bill will reduce revenue to the LSCF by \$585,652 in FY 2014-15 and \$617,205 in FY 2015-16. LSCF money supports driver's license offices.

State Expenditures

The bill will increase state cash fund expenditures by \$1,236 in FY 2014-15 only. The Department of Revenue will have to modify the Colorado State Titling and Registration System (CSTARS) to account for the fee waiver. This effort is expected to require 12 hours of computer programming at a cost of \$103 per hour, or \$1,236. Programming work will be done by the Governor's Office of Information Technology.

The department will also be required to update its rules, forms, manuals, and website to reflect the change in law. Training will also be provided to authorized agents, Title and Registration Sections Staff, and other entities impacted by the bill.

Local Government Impact

A portion of HUTF revenue is distributed to counties and municipalities for local transportation projects. Counties receive 26 percent of fees and will see HUTF revenue reduced by \$152,270 in FY 2014-15 and \$160,473 in FY 2015-16. Municipalities receive nine percent of fees and will see HUTF revenue reduced by \$52,709 in FY 2014-15 and \$55,548 in FY 2015-16.

Effective Date

The bill takes effect August 6, 2014, if the General Assembly adjourns on May 7, 2014, as scheduled, and no referendum petition is filed.

State Appropriations

For FY 2014-15, the Department of Revenue requires an appropriation of \$1,236 from the CSTARS account of the HUTF. In addition, the Governor's Office of Information Technology requires spending authority for \$1,236 in reappropriated funds.

State and Local Government Contacts

Revenue
Transportation

Local Affairs
Clerk and Recorders

Local Governments
Military Affairs