

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 14-0759	Date: February 6, 2014
Prime Sponsor(s): Sen. Crowder; Ulibarri Rep. Gardner; Exum	Bill Status: Senate SVMA
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SHORT TITLE: FALLEN SOLDIER LICENSE PLATE COMBAT ZONE

Fiscal Impact Summary	FY 2014-2015	FY 2015-2016
State Revenue Cash Funds	<u>up to \$628</u> up to \$628	<u>up to \$628</u> up to \$628
State Expenditures Cash Funds	<u>up to \$628</u> up to \$628	<u>up to \$628</u> up to \$628
FTE Position Change		
Appropriation Required: None		

Summary of Legislation

Under current law, if a soldier was killed in the line of duty while deployed to a combat zone, family members of the fallen soldier are eligible to receive a Fallen Service Member special license plate, which indicates the branch of the armed forces in which the soldier served.

This bill removes the requirement that the fallen soldier be deployed to a combat zone at the time of his or her death.

Background

Under current law, Fallen Service Member special license plate applicants are exempt from paying the one-time issuance and special plate fee of \$50 for the first set of plates. Subsequent license plate sets issued to the same vehicle owner requires payment of the one-time fee. Of the fee, \$25 is credited to the Licensing Services Cash Fund (LSCF) in the Department of Revenue (DOR), and \$25 is credited to the Highway Users Tax Fund (HUTF). All applicants for Fallen Service Member license plates pay \$5.92 for the plate and tab materials, credited to the License Plate Cash Fund (LPCF) in the DOR. Additionally, all applicants continue to pay the standard registration taxes and fees required by law.

Each year, an average of 56 Fallen Service Member license plate sets are issued to eligible applicants under current law; however, since 2009 the number of Fallen Service Member plates issued has nearly doubled. The Division of Motor Vehicles (DMV) verifies the applicant's relationship to the deceased through a Report of Casualty form issued by the armed forces, or through another form of documentation acceptable to the division such as a birth certificate, marriage certificate, census records, military records, or historical archives.

State Revenue

The bill expands the pool of eligible applicants for Fallen Service Member special license plates by removing the requirement that the member be deployed to a combat zone at the time of his or her death. Data is not available to determine the exact number of family members of fallen soldiers who live in Colorado, have vehicles registered in the state, and who may wish to receive the license plate. However, based on a similar measure adopted in Texas which provides "Gold Star" license plates to family members of fallen service members, the fiscal note assumes that the number of Fallen Service Member plates issued under the new eligibility criteria will increase by approximately 106 plate sets per year and increase revenue to the LPCF by up to \$628 per year ($\5.92×106), beginning in FY 2014-15.

The DOR does not collect the one-time issuance and special plate fee of \$50 for the first set of plates. Subsequent license plate sets require that the \$50 fee be paid by the vehicle owner. The number of second-issue, or additional, license plates is unknown. To the extent that additional family members of fallen soldiers desire the license plate under the new eligibility criteria, and to the extent that license plate sets are a second or additional set, revenue to the LSCF, LPCF, and HUTF will increase beyond the amount shown here.

State Expenditures

It is unknown the extent to which additional family members of fallen soldiers will purchase the plate under the new eligibility criteria. The cost to the DOR for license plate and tab materials is \$5.92 per set. If demand for the plates increases, it is expected that costs to the DOR will increase as well; however, the material costs to the DOR are offset by the revenue collected from vehicle owners receiving the plate, and is expected to be minimal. Based on the Texas example above, the fiscal note assumes that 106 additional plate sets will be issued each year and increase costs to the DOR by up to \$628 per year, beginning in FY 2014-15. To the extent that more than 106 additional sets are issued, expenditures in the DOR will increase. The DOR does not require new appropriations under the bill.

Local Government Impact

Local governments receive a portion of the HUTF revenue collected as part of the one-time fee. This money is used by local governments for transportation needs. To the extent that the bill increases HUTF revenue for the issuance of second, or additional, sets of the license plate, so too will HUTF revenue to local governments increase. Increases are expected to be minimal.

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

The Department of Revenue currently has sufficient spending authority from the License Plate Cash Fund to cover the anticipated expenditures under the bill, and no new appropriation is needed.

State and Local Government Contacts

Revenue	Military and Veterans Affairs
Transportation	Clerk and Records