

Colorado Legislative Council Staff Fiscal Note

STATE and LOCAL FISCAL IMPACT

Drafting Number: LLS 14-0313
Prime Sponsor(s): Rep. Navarro

Date: February 10, 2014
Bill Status: House Transportation and Energy
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SHORT TITLE: AG LICENSE PLATE LATE FEE GRACE PERIOD

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
State Revenue	up to (\$240,223)	up to (\$240,223)
Cash Funds	up to (\$240,223)	up to (\$240,223)
State Expenditures	\$1,648	\$0
Cash Funds	1,648	0
FTE Position Change		
Appropriation Required: \$1,648 - 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

Under current law, motor vehicle registrations expire on the last day of the month at the end of each 12-month registration period. A 30-day grace period is allowed before late fees are charged. If a vehicle is not registered with the Department of Revenue (DOR) within the time frame required by law, the vehicle owner is subject to a late fee of \$25 for each month, or portion of a month, following the expiration of the registration period; except that the late fee is capped at \$100.

This bill exempts trucks and truck tractors that are owned and used by farmers or ranchers to transport agricultural products or livestock from being assessed the \$25 late fee for the first six months following the expiration of the registration period. Under the bill, late registration fees will begin to accrue on eligible vehicles once the six-month grace period has elapsed.

State Revenue

This bill is expected to reduce late vehicle registration fee collections by up to \$300,273 annually beginning in FY 2014-15, including \$240,223 in Highway Users Tax Fund revenue. However, because the bill becomes effective upon signature of the Governor, it could also affect FY 2013-14 revenue.

Assumptions. During 2013, an estimated \$300,273 in late registration fees was collected on 6,005 farm vehicles that had their registrations renewed after the current one-month grace period. This fiscal note assumes that similar registration patterns will continue and that owners will renew the farm vehicle's registration within the six month grace period under the bill and avoid paying late fees. It is possible that some farm vehicles will be renewed after the six month grace period, but this number is expected to be minimal and cannot be determined at this time.

Of the late fee, the county clerk and recorder's office (clerk) of the county the vehicle is registered in retains \$10, and the remainder of the fee is credited to the Highway Users Tax Fund (HUTF). During 2013, clerks retained an estimated \$60,050 in late registration fees from farm vehicles. During the same time period, revenue credited to the HUTF from the late fee totaled \$240,223. HUTF revenue is distributed to the state and local governments for transportation needs; the state's share of the HUTF late fee revenue is 65 percent.

Department of Transportation. The State Highway Fund (SHF) within the CDOT receives 65 percent of the revenue credited to the HUTF from late registration fees. Beginning in FY 2014-15, this bill is expected to decrease revenue to the SHF by up to \$156,145 per year.

State Expenditures

For FY 2014-15, the bill requires a one-time cash fund expenditure in the DOR of \$1,648. The department will be required to purchase 16 hours of programming services at \$103 per hour, or \$1,648. The Colorado State Titling and Registration System (CSTARS) will need to be programmed to begin collecting the late fee after six months rather than after the current one-month grace period. Programming will be done by the Governor's Office of Information Technology. The department will also be required to update rules, forms, manuals, and the website to reflect the change in law. Training will also be provided by the department to authorized agents, Title and Registration Sections staff, law enforcement, and other entities impacted by the bill. These activities do not require new appropriations.

Local Government Impact

This bill is expected to decrease HUTF revenue to local governments beginning in FY 2014-15. Cities and counties receive a portion of HUTF revenue from late registration fees. The bill reduces overall HUTF revenue by up to \$240,223 per year, beginning in FY 2014-15. Subsequently, the bill is expected to reduce HUTF revenue to cities by up to \$21,620 and to counties by up to \$62,458 per year, beginning in FY 2014-15.

Clerks currently retain \$10 of each vehicle late registration fee. Between January 1 and December 31, 2013, clerks retained a total of \$60,050 for farm vehicle late registration fees. This fiscal note assumes that owners will register farm vehicles within the six month grace period under the bill and these fees will no longer be collected, resulting in a revenue loss to county clerks of up to \$60,050 per year beginning in FY 2014-15.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2014-15, the Department of Revenue requires a cash fund appropriation of \$1,648 from the CSTARS Account. The Governor's Office of Information Technology requires spending authority for \$1,648 in reappropriated funds.

State and Local Government Contacts

Revenue
Clerk and Recorders

Transportation
Local Affairs

Cities and Counties