

Department of Revenue. Other revenue impacts of this bill are indeterminate. The bill caps the number of days that the fee may be collected at 30 days, and exempts renewals from the fee. Current law allows the fee to be collected on rentals with a length of up to 45 days and imposes the fee on renewals. The number of vehicle rentals lasting over 30 days is unknown, and subsequently, the number of renewals are unknown. National averages indicate that rental vehicles have a rental length of 10 days per rental. To the extent that a vehicle rental lasts longer than 30 days or is renewed, or both, this bill will result in decreased fee revenue to the DOR.

The bill requires that all entities that rent out vehicles pay the fee; whereas, current law requires that only those who are in the business of renting out vehicles pay the fee. It is believed that most, but possibly not all, companies whose primary business is something other than the rental of vehicles are already collecting and remitting the fee to the DOR. To the extent that the number of businesses collecting the fees increases, it will result in a revenue increase to the DOR.

Colorado Department of Transportation. The Colorado Department of Transportation (CDOT) receives a portion (60 percent) of the revenue generated from the fee via the HUTF. Beginning in FY 2014-15, the CDOT will experience a decrease in HUTF revenue of at least \$1,224 (.60*\$2,064). Subsequent increases or decreases in revenue to the HUTF as a result of the bill will impact the CDOT, and are indeterminate at this time.

State Expenditures

The bill will require the DOR to update forms, manuals, rules, and the website to reflect the change in law. Training will also be provided by the department to authorized agents, Titles and Registration Section staff, and other entities impacted by the legislation. The department does not capture or retain the number of times a vehicle is rented or has had its rental renewed. Owners of rental vehicles invoice and provide the fee directly to the DOR, Division of Taxation. Any increase in activities or workload associated with this bill is expected to be minimal and can be absorbed within existing appropriation.

Local Government Impact

Beginning in FY 2014-15, local government revenues from the HUTF will be reduced by at least \$722. HUTF revenue generated by the fee is distributed to counties (22 percent) and cities (18 percent) for transportation needs. To the extent that fee revenue to the HUTF is increased or decreased as a result of the bill, it will have a fiscal impact on local governments.

Effective Date

The bill takes effect July 1, 2014.

State and Local Government Contacts

Revenue

Local Affairs

Cities & Counties

Transportation