

Colorado Legislative Council Staff Fiscal Note

**FINAL
FISCAL NOTE**

Drafting Number: LLS 15-0265	Date: May 27, 2015
Prime Sponsor(s): Sen. Neville T. Rep. Neville P.	Bill Status: Postponed Indefinitely
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BILL TOPIC: REPEAL LATE VEHICLE REGISTRATION FEE

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017
State Revenue	(\$8.8 million)	(\$17.6 million)
Cash Funds	(8.8 million)	(17.6 million)
State Expenditures	\$412	\$0
Cash Funds	412	0
FTE Position Change		
TABOR Set-Aside	(\$8.8 million)	(\$17.6 million)
Appropriation Required: None.		

* 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 granted before late fees are assessed. If a vehicle is not registered with the Department of Revenue (DOR) within the timeframe 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 total late fee is capped at \$100. Fee revenue is credited \$10 to the county government registering a vehicle; remaining revenue is deposited into the Highway Users Tax Fund (HUTF) for subsequent distribution to the State Highway Fund (60 percent), counties (22 percent), and municipalities (18 percent).

The bill repeals the late vehicle registration fee for all motor vehicle types.

State Revenue

This bill is expected to reduce state HUTF revenue from late vehicle registration fee collections by approximately \$8.8 million in FY 2015-16, and by approximately \$17.6 million each year thereafter. The first year impact is one half of a year due to the bill's January 1, 2016, effective date. Table 1 displays the estimated reductions in HUTF distributions under the bill.

Assumptions. From FY 2011-12 to FY 2013-14, approximately \$22.3 million was collected in late vehicle registration fees on average per year (from an average of 447,947 persons paying an average late vehicle registration fee of \$49.71 per year). Of this, approximately \$17.6 million

per year was deposited into the HUTF for distribution to the State Highway Fund (SHF), counties, and municipalities, and an average of \$4.7 million per year was retained by the county registering the vehicle. This fiscal note assumes similar late vehicle registration fee collections for FY 2015-16 and each year thereafter.

Table 1. HUTF Late Vehicle Registration Fee Revenue Under SB 15-018		
	FY 2015-16	FY 2016-17
SHF - CDOT (60 percent)	(\$5.3 million)	(\$10.6 million)
Counties (22 percent)	(\$1.9 million)	(\$3.8 million)
Municipalities (18 percent)	(\$1.6 million)	(\$3.2 million)
TOTAL	(\$8.8 million)	(\$17.6 million)

Department of Transportation. The SHF within the Colorado Department of Transportation (CDOT) receives 60 percent of the revenue credited to the HUTF from late vehicle registration fees. In FY 2015-16, this bill is expected to decrease revenue to the SHF by about \$5.3 million, and by about \$10.6 million each year thereafter.

TABOR Impact

This bill reduces fee revenue, which will decrease the amount required to be refunded under TABOR. TABOR refunds are paid from the General Fund.

State Expenditures

For FY 2015-16, the bill requires a one-time cash fund expenditure in the DOR of \$412. The department will be required to purchase four hours of programming services at \$103 per hour to update the Colorado State Titling and Registration System (CSTARS) to discontinue the assessment, collection, and distribution of the late vehicle registration fee. Programming will be completed by the Governor's Office of Information Technology. Costs for programming can be absorbed within existing appropriations.

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 will decrease revenue to local governments beginning in FY 2015-16. Currently, the county government registering a motor vehicle retains \$10 of the late vehicle registration fee. For FY 2015-16, the bill is expected to reduce county government revenue from late vehicle registration fee collections by about \$2.4 million, and by about \$4.7 million each year thereafter.

Local governments also receive a portion of the HUTF revenue collected from late vehicle registration fees. Cities receive 18 percent of the HUTF revenue and counties receive 22 percent. For FY 2015-16, this bill reduces local government HUTF revenue by about \$3.5 million, and by about \$7.0 million each year thereafter.

The total revenue reduction to local governments as a result of this bill in FY 2015-16 is about \$5.9 million, and about \$11.7 million each year thereafter.

Effective Date

The bill was postponed indefinitely by the House State, Veterans, and Military Affairs Committee on March 18, 2015.

State and Local Government Contacts

Revenue
Municipalities

Transportation
Clerk and Recorders

Counties
Local Affairs