

Colorado Legislative Council Staff Fiscal Note

**STATE and LOCAL
REVISED FISCAL IMPACT**

(replaces fiscal note dated March 13, 2015)

Drafting Number: LLS 15-0317
Prime Sponsor(s): Rep. Roupe
Sen. Todd

Date: April 14, 2015
Bill Status: Senate Appropriations
Fiscal Analyst: Erin Reynolds (303-866-4146)

BILL TOPIC: RESERVED PARKING DISABLED MILITARY LICENSE PLATES

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017
State Revenue	\$49,040	\$49,040
Cash Funds	\$49,040	\$49,040
State Expenditures	\$58,134	\$5,190
Cash Funds	\$58,134	\$5,190
FTE Position Change		
TABOR Set-Aside	\$49,040	\$49,040
Appropriation Required: \$58,134 - Department of Revenue (FY 2015-16).		

* This summary shows changes from current law under the bill for each fiscal year.

Summary of Legislation

Under current law, a military veteran who meets the statutory requirements for physical impairment may be issued either a "handicap disabled veteran" special license plate or a "disabled veteran" special license plate. The "handicap disabled veteran" special license plate allows the plate holder to utilize reserved parking for people with disabilities (PWD), while the "disabled veteran" special license plate comes without parking privileges. Disabled veterans without "handicap disabled veteran" special license plates may still utilize PWD reserved parking, if eligible, by displaying a rearview mirror placard issued by the Department of Revenue (DOR).

The bill, **as amended by the Senate Finance Committee**, allows the Division of Motor Vehicles (DMV) within the DOR to create and issue a PWD version for each of the 36 other military special license plates. The DMV will also create a PWD version of each of the 36 military motorcycle special license plates. In total, 72 new PWD military veterans license plates will be created.

State Revenue

This bill is anticipated to increase one-time state cash fund revenues by **\$49,040 in FY 2015-16 and FY 2016-17**. State revenue assumptions are discussed below, and outlined in Table 1.

Assumptions. Expected demand for the PWD military special license plates is based on the current demand for existing military special license plates, and specifically the "handicap disabled veteran" and the "disabled veteran" special license plates. As of November 2014, there were 129,840 total vehicles registered with a military special license plates, 3,439 of these with "handicap disabled veteran" special license plates and 21,974 of these with "disabled veteran" special license plates. Using a ratio derived from the number of "handicap disabled veteran" special license plates to all disabled veteran special license plates—13.5 percent—it is estimated that approximately 17,528 of the 129,840 vehicle owners who are currently registered with military special license plates would qualify for the new PWD military special license plate types.

It is assumed that 10 percent of these eligible vehicle owners—1,753—would convert to one of the new PWD military special license plates. Because the license plate becomes available on January 1, 2016, the conversion is assumed to take place in one calendar year, which spans FY 2015-16 and FY 2016-17, so the 1,753 is divided between them, 877 each year. As of November 2014, only 63 motorcycles were registered with "handicap disabled veteran" special motorcycle license plates. It is therefore assumed that the number of PWD military special motorcycle license plates will be nominal.

Table 1. State Revenue Generated Under HB 15-1026		
Revenue Components	FY 2015-16	FY 2016-17
Number of License Plate Sets to be Issued with Fee	877	877
Revenue Credited to License Plate Cash Fund (\$5.92)	\$5,190	\$5,190
Revenue Credited to Highway Users Tax Fund (\$25)	\$21,925	\$21,925
Revenue Credited to Licensing Services Cash Fund (\$25)	\$21,925	\$21,925
TOTAL	\$49,040	\$49,040

Revenue is generated from the plate and tab production fee of \$5.92 per digital license plate set (this fee is \$3.01 for motorcycles, but it is assumed that only a nominal amount of motorcycle plates will be issued), credited to the License Plate Cash Fund (LPCF). Revenue is also generated from the \$50 fee that all applicants for special licence plates are required to pay, of which \$25 is credited to the Highway Users Tax Fund (HUTF) and \$25 is credited to the Licensing Services Cash Fund (LSCF).

The State Highway Fund (SHF) receives 65 percent of the HUTF revenue generated through license plate fees for expenditure by the Department of Transportation. This bill is estimated to increase SHF revenue by about \$14,250 in both FY 2015-16 and FY 2016-17.

TABOR Impact

This bill increases state revenue, which will increase the amount required to be refunded under TABOR. TABOR refunds are paid from General Fund in the year following excess collections.

State Expenditures

This bill is expected to increase one-time state expenditures by **\$58,134 in FY 2015-16** and by **\$5,190 in FY 2015-16**. State expenditures are outlined in Table 2 and detailed below.

Assumptions. The fiscal note assumes that DOR and Colorado Correctional Industries (CCi) will require adequate time to implement the system and design updates under the bill, therefore the bill's earliest implementation date is January 1, 2016. See Technical Issues section for more information.

Cost Components	FY 2015-16	FY 2016-17
Number of License Plate Sets to be Manufactured	877	877
Plate and Tab Production Cost (\$5.92/set)	\$5,190	\$5,190
Computer Programming (514 hours)	\$52,942	\$0
TOTAL	\$58,134	\$5,190

Department of Revenue. The DMV within the DOR, in partnership with CCi, uses a print-on-demand business model for all military special license plates. The DMV cost for material is \$5.92 per passenger vehicle license plate set, and \$3.01 per each motorcycle single license plate. Because this fiscal note assumes that only a nominal amount of motorcycle license plates will be issued under the bill, the \$5.92 cost is applied throughout the calculation. License plate and tab production costs, estimated to be \$5,190 in FY 2015-16 and FY 2016-17, are expended from the LPCF.

A one-time computer programming cost of \$52,942 is required to update the Colorado State Titling and Registration System (CSTARS) in the DOR, payable from the CSTARS Cash Fund. Computer programming costs are calculated at 514 hours at a rate of \$103 per hour, and will cover implementation planning, modification of registration and title modules and tables, testing, and deployment by the Office of Information Technology (OIT).

Finally, the DOR will be required to update rules, forms, manuals, and the department's website to reflect the change in law. Additionally, the DOR will provide training to authorized agents, Title and Registration Section staff, and law enforcement. Any workload increase or costs associated with these activities will be accomplished within existing appropriations.

Department of Corrections. This bill requires that 36 types of military special license plates be redesigned with a PWD version, and statute further requires that all military special license plates include a version for motorcycles. The CCi will create 72 new PWD military special license plate designs at a cost it will absorb. The design will include the international wheelchair symbol and may impact other design elements on Colorado's existing military license plates.

Local Government Impact

This bill is expected to increase local government HUTF revenue by an estimated \$7,675 in FY 2015-16 and FY 2016-17. A portion of HUTF revenue generated by license plate fees is distributed to counties (26 percent) and municipalities (9 percent) for transportation needs.

Technical Issue

The DOR requires implementation time to train County Clerk and Recorders on the new issuance requirements under the bill and have the Office of Information complete CSTARS programming updates. In addition, the CCi requires time to create the plate designs required by the bill. Therefore, the fiscal note assumes the plates will be available on January 1, 2016.

Effective Date

This bill is effective August 5, 2015, if no referendum petition is filed. However, Section 3 of the bill, which refers to the number of PWD disabled military veteran license plates the DOR may issue, is contingent upon the passage of House Bill 15-1136, which would allow for the issuance of two sets of PWD disabled veterans license plates, and Section 2 of the bill, which allows only for the issuance of one set, becomes effective if HB 15-1136 does not pass.

State Appropriations

For FY 2015-16, the Department of Revenue requires a cash fund appropriation of \$58,134 of which \$5,190 comes from the License Plate Cash Fund and the remaining \$52,942 from the CSTARS Cash Fund. In addition, the Office of Information Technology requires spending authority for \$52,942 in reappropriated funds from the Department of Revenue.

State and Local Government Contacts

Counties	Clerk and Recorders	Corrections
Office of Information Technology	Municipalities	Revenue
Transportation		