

**STATE and LOCAL  
FISCAL IMPACT**

**Drafting Number:** LLS 15-1061  
**Prime Sponsor(s):** Sen. Sonnenberg  
 Rep. Kraft-Tharp

**Date:** April 16, 2015  
**Bill Status:** Senate Transportation  
**Fiscal Analyst:** Erin Reynolds (303-866-4146)

**BILL TOPIC:** DELIVER MOTOR VEHICLE CERTIFICATE OF TITLE 30 DAYS

<b>Fiscal Impact Summary*</b>	<b>FY 2015-2016</b>	<b>FY 2016-2017</b>
<b>State Revenue</b>	Potential minimal increase.	
<b>State Expenditures</b>	Minimal workload impact.	
<b>TABOR Set-Aside</b>	Potential minimal increase.	
<b>FTE Position Change</b>		
<b>Appropriation Required:</b> None		

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

**Summary of Legislation**

Under current law, a motor vehicle dealer has 30 days to deliver or facilitate the delivery of a certificate of title to the purchaser. The bill clarifies that days do not count against the deadline if the dealer is waiting for action by another party when that action is necessary to deliver the certificate of title.

**Background**

A purchaser of a vehicle from a motor vehicle dealer completes a series of paper documents that typically grants the dealer power of attorney to use those paper documents to secure a loan and apply to the Department of Revenue (DOR) for a Colorado certificate of title. This typically includes a bill of sale, sales contract, manufacturer's certificate of origin (if a new vehicle), title from the previous owner (if a used vehicle), and other documents used to satisfy a loan for the purchase. The dealer issues a Colorado temporary registration permit at the point of sale, which is valid for 60 days. The dealer then provides the paper documents to the County Clerk and Recorder in the county where the purchaser resides for issuance of a new title.

County Clerk and Recorders, acting as DOR agents, examine and audit the documents, if required, and perform a titling transaction in the Colorado State Title and Registration System (CSTARS). If the owner obtained a loan to buy the vehicle, the County Clerk and Recorders also perfect a lien on the vehicle, which is noted on the certificate of title. The paper documents are then provided to the Title and Registration section in the DOR to complete the titling process.

Upon receipt of the documents, the Title and Registration section performs a verification and audit of the documents and the county titling transaction. Upon validation of the transaction, a paper title is printed and provided to the owner. If the vehicle has a lien, the paper title is provided to the lienholder. The Title and Registration section then images and archives the documents for 10 years.

## **State Revenue**

The bill may increase state revenue from the issuance of temporary registration permits and dealer stubs by a minimal amount, and may also increase revenue from fines and late registration fees.

**Increased issuance of temporary registration permits.** The DOR may experience an increase in the issuance of additional temporary registration permits and dealer stubs resulting from 60-day permits expiring before the dealers deliver title. Although this potential increase in issuance cannot be determined, it is anticipated to be minimal.

**Fine and fee impact.** State law requires every vehicle owner to register his or her vehicle within 60 days of purchase. Violators commit a class B traffic infraction, subject to fines ranging from \$15 to \$100, and are also assessed a late registration fee of \$25 for each month, or portion of a month, capped at \$100. Because the bill does not extend these timeframes, it may increase state revenue from traffic fines, if the vehicle owner is involved in a traffic stop, or from late vehicle registration fees, though these impacts are expected to be minimal. These fees and fines are credited primarily to the Highway Users Tax Fund, of which the State Highway Fund within the Colorado Department of Transportation receives 65 percent of revenue. Various funds in the Judicial Department also receive a minimal amount of traffic fine revenue.

## **TABOR Impact**

The bill may increase state revenue, which will increase the amount required to be refunded under TABOR. TABOR refunds are paid from the General Fund.

## **State Expenditures**

The bill is expected to minimally increase workload in the DOR and the Judicial Department. DOR workload associated with training of authorized agents, Title and Registration section staff, law enforcement, dealers, and other entities affected by this legislation, as well as the update of rules, forms, manuals, and websites can be absorbed within existing appropriations. Judicial Department workload impact stemming from an increase in class B traffic infractions is expected to be minimal and can also be absorbed within existing appropriations.

## **Local Government Impact**

County Clerk and Recorders' workload may increase if those offices issue additional temporary registration permits to replace those that have expired after 60 days as a result of the bill. Currently, County Clerk and Recorders offices issue approximately 700,000 temporary registration permits to dealers each year. The bill may also increase workloads in county courts related to the class B traffic infraction. Both workload impacts are expected to be minimal. Finally, the bill may minimally increase local government revenue from the HUTF portion of traffic fines and late registration fees.

**Effective Date**

The bill takes effect August 5, 2015, if the General Assembly adjourns on May 6, 2015, as scheduled, and no referendum petition is filed.

**State and Local Government Contacts**

Counties

Judicial Department

Revenue