



- retain the right to decide the price at which each registration number is sold, and to make any decision that affects state policy, which must be expressed in the agreement with the contractor;
- require the contractor to auction high-value registration numbers;
- create incentives for registration number holders to turn in currently issued registration numbers; and
- create one or more task forces to study and report back to the CDFC on relevant issues, and obtain the services of professional advisors.

The committee must study feasibility and benefits of contracting and report its conclusions to the General Assembly by October 1, 2017. The committee, the Governor's Office, and the Department of Human Services (DHS), involving appropriate stakeholders, must also study the future transfer of the CDFC to the DHS, and reports its findings by November 1, 2015.

Under the bill, the CDFC membership increases from 13 to 15 Governor-appointedes and clarifies that CDFC members may be reimbursed if the member is not reimbursed from another source and failure to reimburse would be a substantial disincentive to perform.

The contractor is required to transfer to the Disability Support Fund (renamed from the Disability Benefit Support Fund) any proceeds from the sale of vehicle registration numbers or additional license plate options to the CCI in DOC.

Finally, the Registration Number Fund and the Disability Investigational and Pilot Support Fund are to be transferred to the Disability Support Fund by the State Treasurer within 60 days after the effective date of the bill. The LPAG is also repealed within 60 days after the bill's effective date, and must transfer all records, property, and information to the committee with the assistance of DOR.

## **Background**

***Laura Hershey Disability-Benefit Support Act.*** House Bill 11-1216 created the Laura Hershey Disability-Benefit Support Act and, subject to available moneys, established a program to award state contracts to one or more nonprofit organizations that assist disabled persons with obtaining benefits. The bill also created the DBSCC, tasked with contracting and evaluating services, and the LPAG, to market and manage the sales of vehicle registration numbers. Revenue for the program was to be generated through the receipt of gifts, grants, and donations, and the sale of vehicle registration numbers by the LPAG. Since April 26, 2011, the LPAG has made three requests to reserve a total of 21,873 registration numbers for auction. It has held two auctions, one in Fall 2014 and the other in Winter 2015. Both auctions operated at a loss, with the value of the vehicle registration numbers sold earning less revenue than it cost to hold the auction.

## **State Revenue**

State cash fund revenue may increase under HB15-1378 through the issuance and sale of new special license plates, the proceeds of which are to be transferred to the Special Revolving Enterprise Cash Fund account in the CCI. Assuming a buyer of a unique vehicle registration number chooses to register the number to their vehicle, a new personalized license plate will be issued. Each new personalized license plate requires a fee of \$5.92, credited to the License Plate Cash Fund, along with the usual registration fees. The amount of increased revenue has not been estimated.

**State transfers.** Within 60 days of the bill's effective date, an estimated **\$663,029 will be transferred to the Disability Support Fund** (formerly the Disability Benefit Support Fund) from the following funds:

- \$195,687 from the Registration Number Fund in the Governor's Office; and
- \$467,342 from the Disability Investigational and Pilot Support Fund in the DPA.

An outstanding \$300,000 loan to the LPAG's Registration Number Fund from the Disability Investigational and Pilot Support Fund will be addressed through this transfer.

### **State Expenditures**

The bill will increase state cash fund expenditures by **at least \$69,552 and 0.3 FTE in FY 2015-16** and **at least \$65,156 and 0.3 FTE in FY 2016-17** from the Disability Support Fund in the DPA.

<b>Cost Components</b>	<b>FY 2015-16</b>	<b>FY 2016-17</b>
Personal Services	\$22,303	\$22,303
FTE	0.3 FTE	0.3 FTE
Operating Expenses and Capital Outlay Costs	5,273	570
Legal Services	34,204	34,204
Centrally Appropriated Costs*	7,772	8,079
<b>TOTAL</b>	<b>\$69,552</b>	<b>\$65,156</b>

\* Centrally appropriated costs are not included in the bill's appropriation.

**Assumptions.** The costs required by the bill will begin July 1, 2015.

**Department of Personnel and Administration.** The DPA is currently appropriated \$15,468 and 0.3 FTE to support the DBSCC; however, since no money has ever been transferred into the newly renamed the Disability Support Fund, the DPA has never utilized the appropriation or FTE associated with the program. The fiscal note assumes that the existing appropriation will be increased. Under the bill, the DPA requires accounting support to facilitate loans and transfer activity related to the consolidated program under CDFC, at a total cost of personal services line item of \$37,951 and 0.6 FTE, \$15,468 and 0.3 FTE of which is already appropriated to DPA. This cost pays for an Accountant II at a mid-range salary level. The mid-range salary is required to hire someone with the ability to conduct complicated loan negotiations.

**Department of Law.** The bill authorizes continued CDFC support from the Attorney General. This effort is expected to require 360 hours at a rate of \$95.01, for a total cost of \$34,204, and includes monthly meeting support, contract review, grant review, and general counsel.

**Department of Revenue.** Once a contractor is chosen, the DOR anticipates annual personal services and operating expenditure impacts for workload effected by the bill, including: working on an intergovernmental agreement with the CDFC, providing support and oversight to the CDFC, reserving vehicle registration numbers, updating auction winners in the Colorado State Titling and Registration System, and registering auction registration numbers at the Division of Motor Vehicles. Any increase that cannot be absorbed within existing workloads is expected to be funded by the Disability Support Fund and requested through the annual budget process.

**Department of Human Services.** The DHS will work with the Governor's Office and CDFC to study the intended transfer of the CDFC to DHS. This effort can be absorbed within existing workloads. If the DHS does house the CDFC in the future, the budget allocated to DPA will need to be reappropriated to the DHS through future legislation.

**Department of Public Safety.** Like the DOR, once a contracting entity is chosen, the DPS anticipates annual personal services and operating expenditure impacts for workload effected by the bill, including: working on an intergovernmental agreement with the CDFC and providing support and oversight to the CDFC. Any increase that cannot be absorbed within existing workloads is expected to be funded by the Disability Support Fund and addressed in the annual budget process.

**Centrally appropriated costs.** Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are estimated in the fiscal note for informational purposes and summarized in Table 2.

<b>Table 2. Centrally Appropriated Costs Under HB15-1378*</b>		
<b>Cost Components</b>	<b>FY 2015-16</b>	<b>FY 2016-17</b>
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$4,831	\$4,831
Supplemental Employee Retirement Payments	2,941	3,248
<b>TOTAL</b>	<b>\$7,772</b>	<b>\$8,079</b>

\*More information is available at: <http://colorado.gov/fiscalnotes>

**Effective Date**

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

**State Appropriations**

In FY 2015-16, the DPA requires a cash fund appropriation of \$77,428 (which is the \$61,780 identified in the bill, plus the \$15,648 currently appropriated to the DPA for the DBSCC) from the Disability Support Fund and an allocation of 0.6 FTE. The existing appropriation of \$15,648 from the Disability Benefit Support Fund and allocation of 0.3 FTE should be repealed. In addition, the Department of Law requires \$34,204 reappropriated funds from the DPA.

**State and Local Government Contacts**

- |                                  |                |                   |
|----------------------------------|----------------|-------------------|
| Corrections                      | Counties       | Governor's Office |
| Health Care Policy and Financing | Human Services | Law               |
| Legislative Council              | Personnel      | Public Safety     |
| Revenue                          |                |                   |