



**Colorado  
Legislative  
Council  
Staff**

**SB16-138**

**FISCAL NOTE**

**FISCAL IMPACT:**  State  Local  Statutory Public Entity  Conditional  No Fiscal Impact

**Drafting Number:** LLS 16-1059  
**Prime Sponsor(s):** Sen. Scott

**Date:** March 15, 2016  
**Bill Status:** Senate Transportation  
**Fiscal Analyst:** Erin Reynolds (303-866-4146)

**BILL TOPIC:** STUDY DELEGATING DIVISION MOTOR VEHICLE FUNCTIONS

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
State Revenue		
State Expenditures	<b><u>\$200,000</u></b>	
General Fund	\$200,000	
<b>Appropriation Required:</b> \$200,000 - Department of Revenue (FY 2016-17).		
<b>Future Year Impacts:</b> None.		

**Summary of Legislation**

The bill requires the Department of Revenue (DOR) to study and make recommendations concerning the delegation of certain Division of Motor Vehicles (DMV) services — including issuance and renewal of driver's licenses (excluding commercial driver's licenses), motor vehicle registrations, and certificates of title — to private entities. The bill outlines specific study criteria. The report is due to the Transportation Legislative Review Committee by January 1, 2017.

**Background**

**DMV workings.** The DMV provides direct oversight to 42 state and 14 county operated driver's license offices and operational support to 64 counties offices serving as authorized agents for motor vehicle title and registration transactions.

- There were 1.3 million driver's licenses, instruction permits, identification cards, and driving record transactions completed in FY 2014-15.
- On average, there are 10 million registration transactions performed each year, including approximately 5.6 million renewals.
- On average, 1.7 million titles are issued annually.
- The DMV currently issues 176 license plate types, three year tab types, two disability placard types, a temporary permit, and six other speciality decals and stickers. These and print-on-demand license plates are manufactured by the Colorado Correctional Industries in the Department of Corrections. Every county office is supplied with a three month inventory of license plates and related products.

**DRIVES.** The DOR has a capital project currently underway to replace both the state's Driver's License System (DLS) and the Colorado State Titling and Registration System (CSTARS) with an updated system known as the Driver License, Record, Identification and Vehicle Enterprise Solution (DRIVES). The DRIVES system is expected to be fully operational in August 2018, with the driver's license portion that replaces the DLS functionality scheduled to come online March 2017, followed by the portion that replaces the CSTARS functionality.

**Third-party vendors.** Third-party vendors currently provide regular and commercial driver training and testing, and emissions testing in Colorado. At least 22 states allow third-party vendors to provide some motor vehicle-related services.

### **State Expenditures**

This bill is expected to increase General Fund expenditures for the DOR by \$200,000 in FY 2016-17 to contract for a feasibility study that will meet the bill's criteria. Workload in the DOR and the Department of Law will also increase in FY 2016-17 to contribute to the study. This workload is expected to be accomplished within existing appropriations. DOR's DRIVES project is expected to have some applicability to the study required under the bill.

### **Local Government Impact**

County clerk and recorders offices are required to be consulted in the course of the study, which will increase workload in those offices in FY 2016-17.

### **Effective Date**

The bill takes effect August 10, 2016, if the General Assembly adjourns on May 11, 2016, as scheduled, and no referendum petition is filed.

### **Technical Note**

The study is expected to take at least six months, followed by DOR review and formal recommendation. The bill allots approximately five months due to its August effective date and January study due date.

### **State Appropriations**

The Department of Revenue requires a General Fund appropriation of \$200,000 for FY 2016-17.

### **State and Local Government Contacts**

Clerk and Recorders

Information Technology

Law

Revenue