

Colorado Legislative Council Staff

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 04-0092
Prime Sponsor(s): Rep. Berry
 Sen. May R.

Date: December 31, 2003
Bill Status: House Transportation
Fiscal Analyst: Chris Ward (303-866-5834)

TITLE: CONCERNING THE AGE AT WHICH A PERSON MAY OBTAIN A LICENSE TO DRIVE A MOTOR VEHICLE.

Fiscal Impact Summary	FY 2004/2005	FY 2005/2006
State Revenues		
General Fund		
Cash Fund - Highway Users Tax Fund	(\$424,800)	
State Expenditures		
General Fund	(\$492,100)	
FTE Position Change	(5.3) FTE	0.0 FTE
Other State Impact: TABOR Impact		
Effective Date: July 1, 2004		
Appropriation Summary for FY 2004/2005: Dept of Revenue - (\$492,100 and 5.3 FTE) reduction (one-time) - General Fund		
Local Government Impact: Reduced HUTF distributions to counties and municipalities		

Summary of Legislation

This bill requires persons between age 16 and 21 to hold an instruction permit for six months before being eligible to get a driver's license. Under current law, this requirement only applies to applicants under age 18. The bill also increases the age requirement for obtaining an instruction permit. For a person with some formal driver education, the bill increases the age for obtaining an instruction permit from 15 to 15 1/2. For a person without formal driver education, the bill increases the age for obtaining an instruction permit from 15 1/2 to 16 years old.

The bill also changes the requirement for driver education for 15-year-olds. Current law requires that the driver be enrolled in a course approved by the Department of Revenue. Under the bill, the driver must have completed a program that meets the standards and contains the curriculum of the National Safety Council Education Program.

State Revenues

The bill will reduce fee revenues to the Highway Users Tax Fund (HUTF) from driver's licenses and instruction permits beginning in FY 2004-05 from the following sources:

- fee revenue from instruction permits issued to 15-year-olds will be reduced by \$300,000, beginning in FY 2004-05; and
- fee revenue from minor licenses issued to persons aged 18-21 will be reduced by \$124,800 in FY 2004-05.

15-Year-Old Drivers. The bill makes persons age 15 to 15 1/2 ineligible to apply for an instruction permit and requires applicants between age 15 1/2 and 16 to complete a driver's education program before they are eligible for an instruction permit. This effectively delays the issuance of one-half of all instruction permits to persons age 15 to 16 by six months, from FY 2004-05 to FY 2005-06. This one-time shift should affect roughly 30,000 instruction permits issued in FY 2004-05. Instruction permits are issued for a fee of \$10 each. Thus, this provision will reduce HUTF revenue by an estimated **\$300,000 in FY 2004-05**.

Drivers Age 18 to 21. The bill requires persons age 18 to 21 to hold an instruction permit for six months before being issued a minor driver's license. Under current law, these drivers must only hold an instruction permit until they complete a driving test, which may occur on the same day that the instruction permit is issued. This provision will delay the issuance of some minor driver licenses by up to six months.

An estimated 16,000 minor driver's licenses are issued each year by the Department of Revenue to persons age 18 to 21. Assuming an even distribution of these throughout the year, the bill would shift the issuance of roughly 8,000 minor driver's licenses from FY 2004-05 to FY 2005-06. This one-time shift should only affect licenses issued in FY 2004-05. The fee for a minor driver license is \$15, and is credited to the HUTF for highway purposes. Thus, the bill will reduce HUTF revenue by **\$120,000** (8,000 licenses x \$15 each) in FY 2004-05.

Each applicant for a minor driver's license must also pay a \$0.60 surcharge, which is credited to the Identification Security Account in the HUTF. This bill will reduce revenue to the Identification Security Account by **\$4,800** (8,000 x \$0.60 each) in FY 2004-05.

Other Drivers. The bill may also delay the issuance of minor driver's licenses to persons aged 16-18 by up to six months. In addition, the bill sets a more stringent requirement for driver's education than is required under current law. These changes could potentially further reduce the number of instruction permits issued or delay the issuance of more driver's licenses, although the impact of these changes has not been estimated.

State Expenditures

Under the bill, the Department of Revenue will issue an estimated 38,000 fewer driver's licenses and instruction permits in FY 2004-05. These documents cost \$12.95 each, a cost which is

paid from the General Fund. Thus, the bill should reduce the department's costs by **\$492,100 and 5.3 FTE in FY 2004-05**. Thereafter, these resources should be restored, since the department's workflow should not change from the current level.

The Department of Revenue will be required to reprogram the driver license computer system to account for the changes made by the bill. However, this effort is expected to require only a minimal amount of time, which can be absorbed within existing resources.

The bill may reduce the number of accidents involving teenagers, which could also affect state expenditures. However, this impact cannot be quantified at this time.

Other State Impacts

The reduction in fee revenue caused by this bill will reduce the amount of any potential future refund of excess state revenue under TABOR.

Local Government Impact

The bill will reduce HUTF revenue, 35 percent of which is distributed to counties and municipalities for highway purposes. It may also reduce the number of accidents to which county and municipal personnel must respond, although this impact cannot be quantified.

State Appropriations

The General Fund appropriation to the Department of Revenue should be reduced by \$492,100 and 5.3 FTE for FY 2004-05.

Departments Contacted

Public Safety Revenue Transportation