


  
*Colorado Legislative Council Staff*  
**STATE and LOCAL**  
**REVISED FISCAL IMPACT**  
(replaces fiscal impact dated February 3, 2004)

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

**Date:** March 8, 2004  
**Bill Status:** Senate Appropriations  
**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
<b>State Revenues</b>		
General Fund		
Cash Fund - Highway Users Tax Fund	(\$229,798)	(\$336,479)
<b>State Expenditures</b>		
General Fund	(\$49,261)	(\$82,044)
<b>FTE Position Change</b>	(0.8) FTE	(1.3) FTE
<b>Other State Impact:</b> TABOR Impact		
<b>Effective Date:</b> July 1, 2004		
<b>Appropriation Summary for FY 2004/2005:</b> Dept of Revenue - (\$49,261 and 0.8 FTE) reduction - General Fund		
<b>Local Government Impact:</b> Reduced HUTF distributions to counties and municipalities		

**Summary of Legislation**

This bill increases the length of time that a driver under age 18 must hold an instruction permit from six months to one year. The bill also increases the minimum age for getting an instruction permit without formal driver education from 15 1/2 to 16. To be eligible for an instruction permit at age 15 1/2, an applicant will have to complete a driver awareness program. Under the bill, instruction permits would be valid for three years.

**State Revenues**

Beginning in FY 2004-05, the bill will reduce the number of driver's licenses and instruction permits issued by the Department of Revenue, as well as associated fee revenue to the Highway Users Tax Fund (HUTF) and expenditures from the General Fund related to these documents. The impact on documents, revenues, expenditures, and staffing is shown in Table 1 and explained in greater detail below.

<b>Table 1. Estimated Impact of HB 04-1017</b>			
	<b>FY 2004/05</b>	<b>FY 2005/06</b>	<b>FY 2006-07</b>
<b>Total Documents Issued</b>	(9,659)	(16,087)	(4,830)
<b>Revenue Impact from Fees</b>	(\$229,798)	(\$336,479)	(\$48,300)
<b>Expenditure Impact</b> (\$5.10 each)	(\$49,261)	(\$82,044)	(\$24,633)
<b>FTE Impact</b> (12,090 documents/FTE)	(0.8)	(1.3)	(0.4)

**Instruction permits.** Under current law, instruction permits issued to persons age 15½ are valid for up to nine months; permits issued to persons age 15 who are enrolled in driver's education are valid for up to one year and 20 days. Instruction permits are required for new drivers under age 18 and permit the person to drive only with another person in the car. A person who is not ready to drive alone when the permit expires must apply for a new permit. This bill makes instruction permits valid for three years, eliminating the need for these drivers to apply for a renewed permit. This change will not affect any currently-issued permits (which already contain an expiration date), but will be phased in with the issuance of new permits.

It is assumed that the bill will eliminate roughly 1,120 instruction permit renewals in FY 2004-05 and 4,380 renewals each year thereafter. The fee for an instruction permit is \$10. For FY 2004-05, the bill should reduce fee revenue from instruction permits by \$11,200, or roughly one-fourth of the annual impact, to account for the fact that permits currently in circulation may still be renewed. Thereafter, the bill should reduce fee revenue from instruction permits by \$48,300 per year.

**Minor Driver's Licenses.** The bill requires persons under age 18 to hold an instruction permit for one year, instead of six months as required by current law. This provision will delay the issuance of roughly 20,000 minor driver's licenses by up to six months. Based on the actual number of such documents issued per month in FY 2002-03, this fiscal note assumes that 8,539 fewer licenses will be issued in FY 2004-05 and 11,257 fewer will be issued in FY 2005-06. This should be a one-time reduction. Beginning in FY 2006-07, the department should be issuing the same number of licenses as under current law. The fee for a minor driver's license is \$25.60. Of this amount, \$25.00 is credited to the HUTF for highway purposes and \$0.60 is credited to the Identification Security Account in the HUTF.

The bill also requires applicants aged 15½ to complete a driver awareness course before they are eligible for an instruction permit. This 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**

The Department of Revenue will issue fewer driver's licenses and instruction permits under the bill beginning in FY 2004-05. The impact of this change on state expenditures, shown in Table 1, is one-time in nature for driver's licenses and ongoing for instruction permits. Beginning in FY

2006-07, the resources attributable to issuing driver's licenses should be restored, since the department's workflow will return to the current level.

The Department of Revenue will be required to reprogram the driver's 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 \$49,261 and 0.8 FTE for FY 2004-05.

### **Departments Contacted**

Public Safety                  Revenue                  Transportation