

**STATE and LOCAL
FISCAL IMPACT**

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Prime Sponsor(s): Sen. Tochtrop

Bill Status: Senate Agriculture

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TITLE: CONCERNING THE ISSUANCE OF CERTIFICATES OF TITLE FOR OFF-HIGHWAY VEHICLES.

Fiscal Impact Summary	FY 2013-2014	FY 2014-2015
State Revenue		
Cash Funds		
CSTAR Account (HUTF)		\$271,800
Fines Collection Cash Fund		<\$5,000
State Expenditures	<u>\$25,900</u>	<u>\$123,477</u>
Cash Funds		
CSTAR Account (HUTF)	25,900	55,024
Auto Dealers Cash Fund		68,453
FTE Position Change		2.4 FTE
Effective Date: Upon signature of the Governor, or upon becoming law without his signature, and applies to sales and transfers occurring on or after July 1, 2014.		
Appropriation Summary for FY 2013-2014: See State Appropriations section.		
Local Government Impact: See Local Government Impact section.		

Summary of Legislation

This bill creates a new titling process for owners of off-highway vehicles (OHV), for all OHVs sold or transferred after July 1, 2014. Broadly, an OHV includes all-terrain vehicles, such as four-wheelers and snowmobiles. This bill requires OHVs to be titled in a similar manner as most motor vehicles.

Background

The Colorado Division of Parks and Wildlife, a division of the Department of Natural Resources (DNR), issues registrations for off-highway vehicles (OHVs) in Colorado. There are currently approximately 130,000 registered Off-Highway Vehicles and 29,000 registered snowmobiles in Colorado under the DNR registration program. This bill does not affect the DNR registration process.

State Revenue

For FY 2014-15 and each year thereafter, this bill is expected to increase revenue to the Colorado State Titling and Registration (CSTAR) account by \$271,800. This bill will generate revenue from fees collected from OHV owners when they title their vehicle. Estimates assume that 80 percent of the OHV annual registration rate from the Colorado Division of Parks and Wildlife will be titled in this new process, over several years.

Fee Impact on Individuals, Families or Business

Section 2-2-322, C.R.S., requires legislative service agency review of measures which create or increase any fee collected by a state agency. Table 1 below identifies the fee impact of this bill.

Table 1. Fee Impact on Individuals, Families or Business			
Type of Fee	Proposed Fee	Annual Population	Annual Fee Impact
Title Fee (Owner)	\$3.20	18,094	\$57,900
Title Fee (Dealer)	25.00	8,375	209,375
VIN Assignment	1.00	1,310	1,310
VIN Material Search	0.65	1,310	852
Title Search	2.20	1074	2,363
TOTAL			\$271,800

This bill creates a penalty for violating the owner's address requirements for titling, which carries a civil penalty of five hundred dollars. It also creates a class 1 petty offense for failure to notify the DOR when a titled vehicle has been destroyed or dismantled. Per Section 18-1.3-503, C.R.S., the penalty for a class 1 petty offense is a fine of not more than \$500, six months incarceration in a county jail, or both.

Because the courts have the discretion of incarceration or imposing a fine, the revenue impact cannot be determined. However, since similar requirements are rarely charged on regular motor vehicles, revenue generated by these provisions is assumed to be less than \$5,000.

State Expenditures

For FY 2013-14, this bill increases expenditures from the Colorado State Titling and Registration (CSTAR) account of the Highway Users Tax Fund (HUTF) by \$25,900, and by \$123,477 and 2.4 FTE in FY 2014-15 and each year thereafter.

This bill requires Department of Revenue (DOR) Titles and Registration clerks to process additional titles, add and remove liens, add and remove owners, and change titles. DOR clerks will also conduct Vehicle Identification Number (VIN) searches and law enforcement searches related to vehicle ownership, in addition to other related duties. This bill also requires the DOR to increase workload among investigators within the Automobile Industry Division, which includes handling complaints among customers and dealers in connection with vehicle titling. The annual cost for this additional workload is \$123,477 and 2.4 FTE. Since OHV titling is not expected to occur until FY 2014-15, no appropriation is required for this workload in FY 2013-14.

This bill also requires one-time reprogramming of the DOR CSTARTS software, which will be performed by the Governor's Office of Information Technologies (OIT). The OIT is expected to perform 350 hours of work related to testing and the distribution of information to 106 county sites, at a cost of \$74.00 per hour. This work is expected to cost \$25,900. These costs are shown below in Table 2.

Table 2. Expenditures Under SB12-280		
Cost Components	FY 2013-14	FY 2014-15
Personal Services	\$0	\$109,910
FTE	0	2.4
Operating Expenses and Capital Outlay	0	13,567
IT Reprogramming	25,900	0
TOTAL	\$25,900	\$123,477

Expenditures Not Included

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 summarized in Table 3.

Table 3. Expenditures Not Included Under SB13-280*		
Cost Components	FY 2013-14	FY 2014-15
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$0	\$16,085
Supplemental Employee Retirement Payments	0	7,633
TOTAL	\$0	\$23,718

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

Local Government Impact

This bill is expected to increase county revenue by approximately \$75,000, annually. Counties receive a \$4.00 fee for each title processed, and \$2.50 for each VIN assignment. Counties are expected to process approximately 18,000 titles, and 1,280 VIN assignments each year. This increased workload requires approximately 0.5 FTE distributed among the counties, statewide.

Comparable Crime

Pursuant to Section 2-2-322 (2.5), C.R.S., Legislative Council Staff is required to include certain information in the fiscal note for any bill that creates a new crime, changes the classification of an existing crime, or changes an element of the existing crime that creates a new factual basis for the offense. This bill adds a new class 1 petty offense for failure to notify the DOR when a titled vehicle has been destroyed or dismantled. Based on similar charges concerning all motor vehicles, this petty offense is expected to be charged infrequently.

Departmental Difference

The Department of Revenue expects an influx of title processing in the first year titles are available, suggesting a population waiting to be titled by provisions of this bill. This fiscal note recognizes this bill applies only to sales and transfers of OHVs occurring after July 1, 2014. Since it is unlikely this bill will influence sales or transfers at any given point in time, this fiscal note does not estimate an unusual increase in titling in any year, and instead relies upon the average number of registrations issued each year by the Division of Parks and Wildlife.

State Appropriations

For FY 2013-14, this bill requires an appropriation of \$25,900 from the CSTAR Account of the HUTF to the Department of Revenue. This amount should be reappropriated to the Governor's Office of Information Technology.

Departments Contacted

Counties Judicial Revenue Transportation