



Legislative Council Staff
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Fiscal Note

Drafting Number: LLS 23-0941
Prime Sponsors: Sen. Danielson

Date: March 30, 2023
Bill Status: Senate Finance
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Bill Topic: **US NAVY SEABEES LICENSE PLATE**

Summary of Fiscal Impact:

- | | |
|---|--|
| <input checked="" type="checkbox"/> State Revenue | <input type="checkbox"/> TABOR Refund |
| <input checked="" type="checkbox"/> State Expenditure | <input checked="" type="checkbox"/> Local Government |
| <input type="checkbox"/> State Transfer | <input type="checkbox"/> Statutory Public Entity |

The bill creates the U.S. Navy Seabees special license plate. It increases state expenditures and minimally impacts state and local revenue on an ongoing basis.

Appropriation Summary:

For FY 2023-24, the bill requires an appropriation of \$8,684 to the Department of Revenue.

Fiscal Note Status:

The fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under SB 23-212

| | | Budget Year FY 2023-24 | Out Year FY 2024-25 |
|-----------------------------|------------|-----------------------------------|--------------------------------|
| Revenue | | - | - |
| Expenditures | Cash Funds | \$8,684 | \$540 |
| Transfers | | - | - |
| Other Budget Impacts | | | |

Summary of Legislation

The bill creates the U.S. Navy Seabees special license plate. An applicant must be an active or former member of a construction battalion of the Navy to qualify for issuance of the plate, and applicants are exempt from the fees associated with special license plates. The plate will be available by January 1, 2024, or when the Department of Revenue (DOR) is able to issue the plates.

Assumptions

Expected demand for the plate is based on the actual demand for the Submarine Service special license plate. It is assumed that 221 plates will be issued in FY 2023-24 and 55 issued in FY 2024-25.

State Revenue

The bill will have a minimal impact on state revenue, primarily to cash funds. The bill exempts a customer's first set of Navy Seabees plates from the usual taxes and fees for a special license plate, which will minimally decrease state tax revenue; fee revenue to the Highway Users Tax Fund and the DRIVES Cash Fund; and materials fees paid to the License Plate Cash Fund. Assuming a small percentage of customers purchase a second license plate set, which are subject to the standard taxes and fees, this will offset the decrease.

State Expenditures

State expenditures in the DOR will increase by \$8,684 in FY 2023-24 and \$540 in FY 2024-25, as shown in Table 2 and detailed below. Expenditures are paid from the DRIVES Cash Fund and the License Plate Cash Fund.

Table 2
State Expenditures Under SB 23-212

| | FY 2023-24 | FY 2024-25 |
|------------------------------|----------------|------------|
| Department of Revenue | | |
| Plate and Tab Production | \$2,031 | \$540 |
| DRIVES Programming | \$6,653 | - |
| Total Expenditures | \$8,684 | - |

Department of Revenue. The DOR will have costs to produce the new plates, perform computer system changes, and make other updates, as outlined below.

- **Plate and tab production.** Plate tab and production costs for special group plates are \$8.06 per license plate set in FY 2023-24 and \$9.81 the following year. Based on the assumed number of plates, this will increase costs by the amounts shown in Table 2 above. In addition, Colorado Correctional Industries will receive a one-time fee of \$250 for designing the plate. Plate and tab production costs are paid from the License Plate Cash Fund.

- **DRIVES programming.** In FY 2023-24, one-time programming costs of \$6,653 are required to update the Driver License, Record, Identification and Vehicle Enterprise Solutions (DRIVES) system with the license plate. Programming costs assume 24 hours at a rate of \$238 per hour for a total cost of \$5,712. Testing can be accomplished within existing appropriations. Office of Information Technology (OIT) support requirements are estimated at 9.5 hours at a rate of \$99 per hour, which will be allocated to DOR and paid to OIT via real time billing.
- **Training and materials updates.** DOR will be required to update rules, forms, manuals, and the department's website to include the license plate. The DOR will also provide training to authorized agents, Title and Registration Section staff, and law enforcement. Any workload increases or costs associated with these activities can be accomplished within existing appropriations.

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. These costs, which include employee insurance and supplemental employee retirement payments, are shown in Table 2.

Local Government

This bill produces a minimal decrease in Highway Users Tax Fund revenue generated by license plate fees. This revenue is distributed to counties (26 percent) and municipalities (9 percent) for transportation needs. The small percentage of customers that purchase a second license plate set will offset some of the decrease in state revenue.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State Appropriations

For FY 2023-24, the bill requires appropriations of \$8,684 to the Department of Revenue. Of this total:

- \$6,653 is from the DRIVES Cash Fund; and,
- \$2,031 is from the License Plate Cash Fund.

State and Local Government Contacts

Corrections
Information Technology

Counties
Revenue

County Clerks
Transportation