

# STATE OF COLORADO

**DIVISION OF MOTOR VEHICLES**  
Department of Revenue

**BUSINESS LOCATION**  
1881 Pierce Street / Lakewood, Colorado

**MAILING ADDRESS**  
Denver, Colorado 80261-0016



Bill Ritter, Jr.  
Governor

Roxanne Huber  
Executive Director

Joan Vecchi  
Senior Director

March 1, 2007:

Members of the General Assembly:

In accordance with the statutory reporting requirement cited below, the Division of Motor Vehicles (DMV) of the Colorado Department of Revenue is providing this report for your consideration.

## **Section 42-3-302, C.R.S. Special plates fees.**

(1) The fees collected pursuant to sections 42-3-213 and 42-3-217 for the issuance of a license plate pursuant to sections 42-3-213 (9) and 42-3-217 shall be transmitted to the state treasurer, who shall credit the same to the license plate cash fund created in section 42-3-301.\*

(2) The executive director of the department shall make an annual report by March 1 of each year to the general assembly. Such report shall be open for public inspection and shall include:

- (a) A summary of the department's activities for the previous year;
- (b) A statement of plate revenues;
- (c) Information regarding special plate purchases;
- (d) Expenses of the department;
- (e) Allocation of remaining revenues; and
- (f) Any recommendations for changes in statutes that the executive director deems necessary or desirable.

\*42-3-213 (9) – refers to the Veteran of the Korean War specialty license plate

\*42-3-217 – refers to the Colorado Commission of Indian Affairs specialty license plate

## **Specialty License Plate Report:**

### ***2(a) Summary of the Department's Activities for the Previous Year***

Using well defined and established inventory management methodologies, the DMV submitted orders to Correctional Industries throughout FY 2005-06 to provide license plates and products to County Motor Vehicle Offices based on a 3-month statewide level of inventory. In addition, the DMV

continued efforts of statewide redistribution which allowed the Department to remove 95,139 plates from county offices with low demand and relocate 58,047 to other county offices where demand was greater, but did not have sufficient inventories. This resulted in a cost avoidance measure that allowed the DMV to utilize excess plate inventories rather than produce new inventories of certain plate types.

The Department maintained license plate ordering processes using the well established inventory management methodologies. The methodology adheres to a quarterly order process with a 3-month inventory of all plate types statewide. The Department instituted processes to support the 3-month methodology with situational ordering (situations that may arise requiring a one-time demand increase of plates outside of 3 months), streamline the order approval process, and shipping and manufacture agreements with Department of Corrections that better support the needs of the County Clerk offices. System audits of license plate inventories were performed at all County Clerk Offices to verify inventory levels of plates. The audit information was used to ensure the accuracy of on-hand license plate inventories and adjust quarterly orders for motorcycle and trailer plates based on significant seasonal trends for these plate types. The continued use of the 3-month methodology, situational ordering, streamlining of the order approval process, on-site audits and seasonal adjustments ensured the optimal utilization of license plate inventories statewide.

#### ***2(b) Statement of Plate Revenues***

For FY 2005-06, the Department of Revenue received \$7,016,618 in the License Plate Cash Fund from the sale of license plates and products. In addition, the HUTF received approximately \$11.1 million in revenues from fees collected from the sale of specialty license plates in FY 2005-06.

Please note that for FY 2005-06, the State does not have the ability to track license plate revenues by specific plate types.

#### ***2(c) Information Regarding Special Plate Purchases***

The following are total sets of plates purchased by Colorado citizens in FY 2005-06:

- All Plates Types: 1,386,249
  - Group Special/Military/Alumni Plate Types: 342,998 (24.7% of total)
    - Korean War Veteran Plate: 21
    - Commission of Indian Affairs Plate: 157
  - Personalized Plates: 77,841 (5.6% of total)
  - Special Event Plates: 328 (>0.1% of total)
  - Statutorily Required Plates: 965,082 (69.6% of total)

Of the 16 Special Interest plate types, 32 Military plate types, and 11 Alumni plate types available in FY 2005-06, 6 plate types (the Columbine, Honorably Discharged Veteran, Breast Cancer Awareness, Air Force Commemorative, 10<sup>TH</sup> Mountain Division, and Pioneer plates) accounted for 16.4 percent of all special plate purchases.

#### ***2(d) Expenses of the Department***

The DMV expended \$4,905,624 for the administration, manufacture, and distribution of license plates and products in FY 2005-06 as follows:

- All Plates Types: \$3.6 million
  - Group Special/Military/Alumni Plate Types: \$291,000

- Personalized Plates: \$39,000
- Special Event Plates : \$1,000
- Statutorily Required Plates: \$3.3 million
- All Products: \$1.3 million
- Misc.: \$24,000

In the FY 2005-06 Long Bill, the General Assembly appropriated \$5,196,788 cash fund spending authority for the purchase of license plates and associated products in the Department's License Plate Ordering line item. Of this amount, the Department submitted a negative supplemental in the amount of \$117,082 and reverted \$174,082.

The quarterly order methodology evaluation (mentioned in 2a above) together with the continued dedication to redistribute imbedded inventories between counties and only manufacture plate types that fell below 3-months of inventories statewide allowed the Department to generate the additional one-time efficiency savings.

#### ***2(e) Allocation of Remaining Revenues***

According to Section 42-3-301(1)(b), C.R.S., any unexpended and unencumbered moneys remaining in the fund shall revert to the HUTF. The remaining fund balance of the License Plate Cash Fund transferred to the HUTF in FY 2005-06 was \$2.1 million.

#### ***2(f) Any recommendations for changes in statutes that the executive director deems necessary or desirable.***

The Department of Revenue makes the following recommended Statutory Changes:

- Ensure that all plates in the "Special Plates" category are authorized by statute. This would include the Knights of Columbus, Masonic Family, Firefighter, U.S. Naval Reserve, Greyhound Lovers, Columbine, 10th Mountain Division, and Air Force Commemorative license plate types. Include financial accountability safeguards for each plate type with a financial qualifier.
- Amend the statutes to include the 3,000 plate elimination requirement for the following plates: Raptor Educational Foundation, Denver Firefighters, Rotary Club, Protective Order of the Elks, Breast Cancer Awareness, and Colorado National Guard. This is a requirement by statute for all other special plate types, including alumni plates.
- Require alumni associations to obtain a pre-purchase commitment from at least 3,000 interested individuals. Pursuant to C.R.S. 42-3-214, alumni organizations may apply directly to the Department of Revenue for special plates when they have purchase commitments from 500 association members. Prior to introduction of a new license plate type, all other entities must provide certification that at least 3,000 plates will be issued within one year.
- Clarify the intent of the statutes that reference the 3,000 plate elimination requirement by amending the statute to read:

The special license plates authorized by this section shall not be renewed unless 3,000 such plates are registered on July 1, 2007 and each July 1 thereafter.

This change would permit the Department to implement the required retirements over the course of a year, during the renewal process.

Please let me know if you have any questions, and/or would like additional information.

Sincerely,

Roxanne Huber  
Executive Director  
Colorado Department of Revenue

Cc: Maren Rubino, Operations Director DMV Titles & Registration