

STATE OF COLORADO

DEPARTMENT OF REVENUE

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Bill Ritter, Jr.
Governor

Roxanne Huber
Executive Director

March 1, 2008

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 Department submitted orders to Correctional Industries throughout FY 2006-07 to provide license plates and products to County Motor Vehicle Offices based on a three-month statewide level of inventory. In addition, the Department continued efforts of statewide redistribution which allowed the Department to remove 183,798 plates from county offices with low demand and relocate 82,253 to other county offices where demand was greater, and which did not have sufficient inventories. This resulted in a cost avoidance measure that allowed the Department to utilize excess plate inventories rather than produce new inventories of certain plate types.

The Department maintained license plate ordering processes using well established inventory management methodologies. The methodology adheres to a quarterly order process with a three-month inventory of all plate types statewide. In FY 2006-07, the Department continued processes to support the three-month methodology with situational ordering (situations that may arise requiring a one-time or seasonal increase of plates), to streamline the order approval process, and to develop shipping and manufacturer agreements with Department of Corrections that better support the needs of the citizens. System audits of license plate inventories are performed quarterly at all County Clerk Offices to verify inventory levels of plates. This audit information is used to ensure the accuracy of on-hand license plate inventories and adjust quarterly orders. The continued use of the three-month methodology, situational ordering, streamlined order approval process, audits, and seasonal adjustments ensured the optimal utilization of license plate inventories statewide.

In FY 2006-07 the following plates were added:

- U.S. Navy (Passenger and Motorcycle)
- Bronze Star (Passenger and Motorcycle)
- Bronze Star Valor (Passenger and Motorcycle)
- Fallen Air Force (Passenger and Motorcycle)
- Fallen Army (Passenger and Motorcycle)
- Fallen Coast Guard (Passenger and Motorcycle)
- Fallen Marine (Passenger and Motorcycle)
- Fallen Navy (Passenger and Motorcycle)
- Breast Cancer (Passenger, Motorcycle, Personalized Passenger, Personalized Motorcycle)
- Broncos Charities (Passenger, Motorcycle, Personalized Passenger, Personalized Motorcycle)
- Support Education (Passenger, Motorcycle, Personalized Passenger, Personalized Motorcycle)
- Kids First (Passenger, Motorcycle, Personalized Passenger, Personalized Motorcycle)
- Personalized Collector Series (Passenger, Truck, Truck/Tractor)
- Reserving Personalized Plates (All)

2(b) Statement of Plate Revenues

For FY 2006-07, the Department of Revenue received \$7,166,535 in the License Plate Cash Fund from the sale of all license plates and products. In addition, the HUTF received approximately \$9.9 million in revenues from fees collected from the sale of specialty license plates in FY 2006-07.

Please note that for FY 2006-07, the State did 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 2006-07:

All Plate Types: 1,216,085

- Group Special/Military/Alumni Plate Types: 106,502 (8.76%)
 - Korean War Veteran Plate: 98 (year change of eligibility) (> 00.01%)
 - Commission of Indian Affairs Plate: 213 (Note in FY07 MC created for personalized plate) (>00.02%)
- Personalized Plates: 27,810 (2.29% of total)
- Special Event Plates: 267 (>0.03% of total)
- Statutorily Required Plates: 1,081,506 (88.94% of total)

Of the 21 Group Special Interest plate types, 27 Military plate types, and 11 Alumni plate types available in FY 2006-07, eight plate types (the Columbine, Honorably Discharged Veteran, Air Force Commemorative, 10th Mountain Division, Pioneer, Breast Cancer, Broncos and Fire Fighter plates) accounted for 73 percent of all special plate purchases.

2(d) Expenses of the Department

The Department expended \$5,041,069 for the manufacture and distribution of license plates and products in FY 2006-07 as follows:

All Plate Types: \$ 3,621,894

Group Special/Military/Alumni Plate Types: \$568,455

Personalized Plates: \$38,347

Special Event Plates: \$1,067

Statutorily Required Plates: \$2,925,049

One-time appropriation to implement new plate legislation: \$88,976

All Products: \$1,406,754

Misc.: \$12,421

In the FY 2006-07 Long Bill, the General Assembly appropriated \$4,952,098 cash fund spending authority for the purchase of license plates and associated products in the Department's License Plate Ordering line item and one-time special bills appropriations to institute new plate legislation of \$88,976.

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 three-month inventory levels statewide, allowed the Department to generate on-going 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 2006-07 was \$2.2 million.

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

The Department of Revenue has no recommended Statutory Changes.

Please let me know if you would like any additional information.

Sincerely,

Roxanne Huber
Executive Director
Colorado Department of Revenue