

STATE OF COLORADO

DEPARTMENT OF REVENUE

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Bill Ritter, Jr.
Governor

Roxanne Huber
Executive Director

March 1, 2009

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 (Department) is providing this report relating to the FY 2007-08 License Plate Ordering Program 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

The Department continues to utilize the established inventory management methodologies and to submit orders to Correctional Industries in the Department of Corrections throughout FY 2007-08 to provide license plates and related products to county motor vehicle offices based on a minimum three-month statewide level of inventory. In addition, the Department continued its efforts of statewide redistribution, which enabled the Department to remove 228,330 plates from county offices with low demand and relocate 153,123 of those to county offices with insufficient inventory and greater demand. This resulted in cost avoidance that allowed the Department to utilize excess plate inventories rather than produce new plates in certain instances. The Department updated its internal computer systems to make the inventory management program robust enough to handle the higher quantities of registrations products. For example, in a typical year, the Department orders and issues over 6 million year indicator tabs. This change has brought consistent system inventory controls for license plates and all registration products. Registration products include year tabs, month tabs, Special Mobile Machinery (SMM) rental tabs, SMM ownership tabs, temporary permits, permanent handicap placards, temporary handicap placards, emergency vehicle stickers, moped stickers, and collector ownership tabs. This resulted in a statewide redistribution and put the Department in a position to remove 936,597 products from county offices with low demand and relocate 720,711 to county offices with insufficient inventory and greater demand. This resulted in further cost avoidance as the Department was able to utilize excess product inventories rather than produce new inventories.

In FY 2007-08, the Department continued 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 ensures the optimal utilization of license plate inventories statewide.

In FY 2007-08, the Agriculture, Knights of Columbus, Masonic Family and U.S. Naval Reserve special plates were retired because they failed to meet the statutorily required minimum number of registrations on motor vehicles. Additionally, the Department completed redesign efforts pertaining to expiration date specific products (i.e., moped stickers) to capture multiple months and years. This will extend the shelf-life of the inventory since it can now be issued for multiple years.

The following plate types were added in FY 2007-08:

- Italian American (H.B. 07-1120) – Passenger Car, Motorcycle, Trucks, Non-Commercial or Recreational Motor Vehicles under 16,001 lbs., Personalized Passenger Car, Personalized Motorcycle
- U.S. Air Force (H.B. 07-1200) – Passenger Car, Motorcycle, Trucks under 16,001 lbs., Non-Commercial or Recreational Motor Vehicles
- U.S. Army Special Forces (H.B. 07-1352) – Passenger Car, Motorcycle, Trucks under 16,001 lbs., Non-Commercial or Recreational Motor Vehicles
- U.S. Coast Guard (S.B. 07-27) – Passenger Car, Motorcycle, Trucks under 16,001 lbs., Non-Commercial or Recreational Motor Vehicles
- Share the Road (S.B. 07-67) – Passenger Car, Motorcycle, Trucks, Non-Commercial or Recreational Motor Vehicles under 16,001 lbs., Personalized Passenger Car, Personalized Motorcycle

In FY 2007-08, the following legislation was implemented and impacted plates and registration products, qualifications, or ordering and inventory levels:

- H.B. 07-1020 – Limits the number of temporary permits that may be issued on Class A and B motor vehicles.
- H.B. 07-1023 – Authorizes issuance of handicap placards by advance practice nurses.
- H.B. 07-1097 – Changes year of manufacture collector plates eligibility from 1943 and earlier to 30 years and older.
- H.B. 07-1105 – Changes Korean War Veteran license plate eligibility dates from June 25, 1950-July 27, 1953 to June 27, 1950-January 31, 1955.
- H.B. 07-1119 – Increases the clerk hire fee from \$2 to \$4 in Section 42-1-210 (1)(a).
- H.B. 07-1148 – Allows simultaneous expiration dates on vehicles owned by the same business or individual.
- H.B. 07-1352 – Allows issuance of Fallen Service Member license plates to include siblings and grandparents and exempts first-time plates from the \$25 Highway Users Tax Fund (HUTF) fee created by S.B. 07-241.
- H.B. 07-1378 – Extends the retirement date on alumni association and Colorado Foundation for Agriculture and Natural Resources license plates from July 1, 2007 to March 1, 2008.
- S.B. 07-62 – Cancels vehicle registrations for vehicles owned by a motor carrier that fails to pay civil penalties.
- S.B. 07-241 – Creates the Licensing Services Cash Fund and institutes an additional fee of \$25 on special license plate types, as well as increases the State's driver's license fee from \$15.00 to \$20.40. Moneys in this fund are intended for the operation of driver's license offices throughout Colorado.

2(b) Statement of Plate Revenues

For FY 2007-08, the Department of Revenue received \$7,708,785 in the License Plate Cash Fund from the sale of all license plates and related products. As a result of S.B. 07-241, the HUTF received approximately \$8,531,912 in revenues from fees collected from the sale of specialty license plates in FY 2007-08. The HUTF also received \$2,605,358 from excess revenue earned in the License Plate Cash Fund as required by Section 42-3-301 (1) (b), C.R.S. It is important to note that the State does not have the ability to track license late 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 2007-08:

- All Plate Types: 1,232,988
- Group Special/Military/Alumni Plate Types: 98,977 (8.03%)
- Korean War Veteran Plate: 122
- Commission of Indian Affairs Plate: 920
- Personalized Plates: 13,730 (1.11% of total)
- Special Event Plates: 147 (>0.01% of total)
- Statutorily Required Plates: 1,120,134 (90.85% of total)

Of the 17 group special interest plate types, 26 military plate types, and 11 alumni plate types available in FY 2007-08, ten plate types (the Columbine, Breast Cancer, Honorably Discharged Veteran, Pioneer, Broncos Charities, Disabled Veteran, Firefighter, Air Force Commemorative, 10th Mountain Division, and U.S. Marine Corps plates) accounted for 75 percent of all special plate purchases.

2(d) Expenses of the Department

The Department expended \$5,449,138 for the manufacture and distribution of license plates and products in FY 2007-08 as follows:

All Plate Types: \$ 4,027,012

Group Special/Military/Alumni Plate Types: \$579,014

Personalized Plates: \$34,874

Special Event Plates: \$696

Statutorily Required Plates: \$3,348,144

One-time appropriation to implement new plate legislation: \$64,284

All Products: \$1,410,350

Misc.: \$11,776

In the FY 2007-08 Long Bill, the General Assembly appropriated \$5,384,894 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 plates of \$64,284.

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

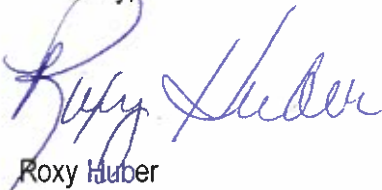
According to Section 42-3-301(1)(b), C.R.S., any unexpended and unencumbered moneys remaining in the License Plate Cash Fund shall revert to the HUTF. The remaining fund balance transferred to the HUTF in FY 2007-08 was \$2,605,358.

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,



Roxy Huber
Executive Director
Colorado Department of Revenue