

STATE OF COLORADO

DEPARTMENT OF REVENUE

State Capitol Annex
1375 Sherman Street, Room 409
Denver, Colorado 80261
Phone (303) 866-3091
FAX (303) 866-2400



Bill Ritter, Jr.
Governor

Roxanne Huber
Executive Director

March 1, 2010 (**Amended**)

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 plate 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.*

*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.

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.

Specialty License Plate Report:

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

In FY 2008-09 the Department continued to utilize the established inventory management methodologies. This included use of the three-month order cycle, situational ordering, electronic order approval process and audits, and seasonal adjustments to ensure the optimal utilization of license plate and product inventories statewide. Physical audits of license plate inventories are performed by the department with a goal of one physical audit being conducted monthly. Current resources have restricted the Department from meeting this goal. System audits of license plate inventories are typically performed quarterly by all County Clerk Offices to verify inventory levels of plates and products. This audit information is used to confirm the accuracy of on-hand license plate and product inventories and to adjust quarterly orders. The Department submitted orders to Correctional Industries to provide license plates and products to County Motor Vehicle Offices based on a minimum three-month

statewide level of inventory. The Department annually reviews the shipping and manufacturing agreements with the Department of Corrections to address variable material costs, assure reasonable delivery schedules, and better support the distribution of license plates and products to the citizens of Colorado.

In addition, the Department continued efforts of statewide redistribution of license plates and registration products.¹ This enabled the Department to remove 169,178 plates from county offices with low demand and redistribute 115,883 of those to county offices with insufficient inventory and greater demand. The Department removed 1,327,707 registration products from county offices with low demand and redistributed 557,385 to county offices with insufficient inventory and greater demand. This resulted in a cost avoidance measure that allowed the Department to utilize excess plate and registration product inventories rather than produce new inventories.

In FY 2007-08 the Department began to update the inventory management program application to handle the increasing quantities of registration products. This initiative carried over into FY 2008-09 before final deployment of the new inventory management system. This change has brought consistent system inventory controls at the state level for license plates and all registration products.

In FY 2008-09 the Denver Firefighter and Protective Order of the Elks plates were retired for failure to meet statutorily required minimum registered motor vehicles. Vehicles registered with those plate types may continue to display those plates, but no new plates will be issued. Additionally, the department retired the Light Truck Designer plate using the already created and established Passenger Designer plate for registration of light trucks that would have otherwise been plated with the Light Truck Designer plate. Furthermore, Senate Bill 09-075 indirectly required the department to eliminate the Neighborhood Electric plate with the elimination of Neighborhood Electric language in statute and replacing it with Low-Speed Electric vehicles. This permitted the registration and plating of Low-Speed Electric vehicles to be accomplished with already created and established Passenger Regular plates.

In FY 2008-09 the following plate types were added:

- 4th Infantry Division (Passenger and Motorcycle);
- Boy Scouts (Passenger, Motorcycle, Personalized Passenger, Personalized Motorcycle);
- Carbon Fund (Passenger, Motorcycle, Personalized Passenger, Personalized Motorcycle);
- North American Aerospace Defense (NORAD) (Passenger and Motorcycle);
- Support the Horse (Passenger, Motorcycle, Personalized Passenger, Personalized Motorcycle);
- Motorcycle 5-Year Collector (Personalized); and
- Motorcycle Horseless Carriage.

In FY 2008-09 the following legislation was implemented that had impacts on plates and registration products, qualifications, and ordering and inventory levels:

- Added the retirement date for failure to have the Breast Cancer, Denver Firefighter, Protective Order of the Elks and Raptor plates registered to 3,000 motor vehicles on January 1, 2009 – HB08-1045;

¹ Registration products include year tabs, month tabs, SMM rental tabs, SMM ownership tabs, temporary permits, dealer stubs, trailer vehicle identification tags, permanent handicap placards, temporary handicap placards, emergency vehicle stickers, low power scooter stickers, and collector ownership tabs.

- Extended the retirement date of Italian-American plates from July 1, 2008 to July 1, 2009 for failure to have the plates registered to 3,000 motor vehicles on July 1, 2009 – HB08-1045;
- Removed outdated Rotary plate statute from C.R.S. 42-3-208 – HB08-1045;
- Moved Vietnam Veteran and U.S. Army plate statutes out of C.R.S. 42-3-208 and properly placed them into military plate statutes – HB08-1045;
- Removed improperly placed personalized plate statute from C.R.S. 42-3-219 and placed it in C.R.S. 42-12-102 – HB08-1045;
- Added the allowance of Advance Practice Nurses to authorize the issuance of handicap placards – HB08-1061;
- Repealed the fees for the issuance of handicap placards – HB08-1098;
- Created the Boy Scouts group special license plate – HB08-1151;
- Created the 4th Infantry Division military license plate – HB08-1175;
- Required specific placement of validating tabs on license plates – HB08-1209;
- Required the department or authorized agent to destroy, recycle or dispose of license plates received in the course of business – HB08-1209;
- Created the North American Aerospace Defense (NORAD) military license plate – SB08-101;
- Identified multipurpose trailers as a new vehicle category – SB08-105;
- Lowered the registered motor vehicle retirement requirement from 3,000 to 500 for alumni license plates – SB08-143;
- Created the Support the Horse group special license plate – SB08-178; and
- Created the Carbon Fund group special license plate – SB08-186.

2(b) Statement of Plate Revenues

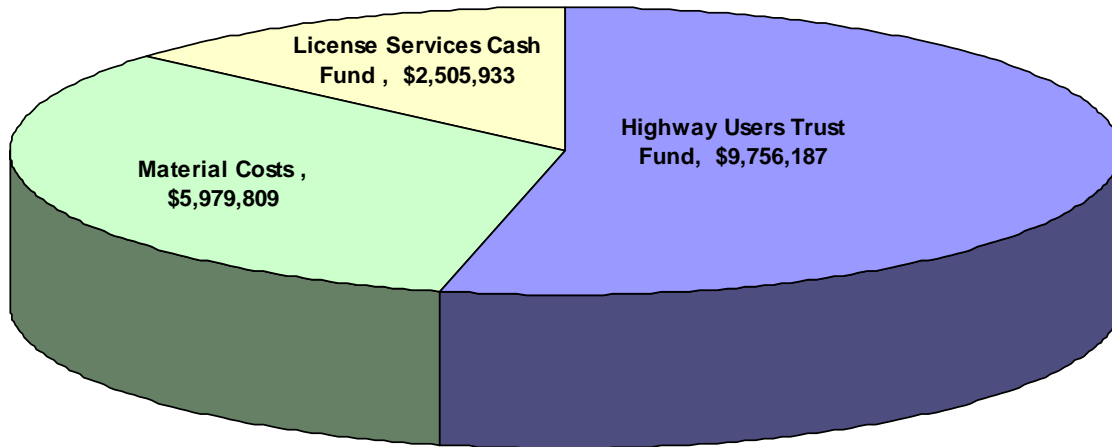
For FY 2008-09, the Department of Revenue received \$7,596,066¹ in the License Plate Cash Fund from the sale of all license plates and products, and the Department of Revenue received \$2,505,933³ into the Licensing Services Cash Fund from the sale of specialty license plates. In addition, the HUTF received approximately \$8,139,930² in revenue from fees collected from the sale of specialty license plates in FY 2008-09.

Please note that for FY 2008-09, the State did not have the ability to track license plate revenue by specific plate types.

FY 2008-09 License Plate Revenue Summary

Fund	Amount	Percent	Governance Statute
¹ License Plate Cash Fund HUTF Reversion 405	1,616,257	9%	42-3-301 (2) a
² Specialty Plates to HUTF Fund 405	8,139,930	45%	42-3-211 (6) & (7) 42-3-212 (4) 42-3-31
Highway Users Trust Fund Subtotal	\$9,756,187	53%	
¹ Material Costs	5,979,809	33%	Plate Material Costs 42-3-301(2) (a)
³ License Services Cash Fund	2,505,933	14%	SB07-241:42-2-114.5
FY 2008-09 Total License Plate Revenue	\$18,241,929	100%	

FY 2008-09 License Plate Revenue \$18,241,929



2(c) Information Regarding Special Plate Purchases

The following are total sets of plates purchased by Colorado citizens in FY 2008-09:

All Plate Types Issued	1,215,579	
Group Special/Military/Alumni	90,339	7.43% of total
Korean War Veteran Plate	142	
Commission of Indian Affairs Plate	379	
Personalized Plates	9,976	0.82%
Special Event Plates	598	0.05% of total
Other Statutorily Required Plates	1,114,666	91.70% of total

Of the 18 Group Special Interest plate types, 29 Military plate types, and 11 Alumni plate types available in FY 2008-09, and ten plate types (the Columbine, Breast Cancer, Honorably Discharged Veteran, Pioneer, Disabled Veteran, Firefighter, Air Force Commemorative, 10th Mountain Division, U.S. Marine Corps, and U.S. Army plates) accounted for 73 percent of all special plate purchases.

2(d) Expenses of the Department

The Department expended \$5,979,809 for the manufacture and distribution of license plates and products in FY 2008-09 as follows:

All Plate Types Issued	\$4,500,652
Group Special/Military/Alumni	\$285,994
Personalized Plates	\$25,339
Special Event Plates	\$0

Other Statutorily Required Plates	\$4,143,764
One Time Appropriation for New Plate Legislation	\$45,555
All Products	\$1,470,241
Miscellaneous	\$8,916

*Note: The department implemented the special event plate with the sponsor remitting payment for the manufacture of special event plates, eliminating the need for payment from the appropriation in this fiscal year reporting period.

In the FY 2008-09 Long Bill, the General Assembly appropriated \$5,419,990 cash fund spending authority and a cash fund supplemental of \$514,206 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 implement new plate legislation of \$45,555.

The quarterly order methodology evaluation (mentioned in 2a above) together with the continued dedication to redistribute inventories between counties, and only manufacture plate types that fall 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 2008-09 was \$1.6 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.

We hope you find this information helpful. If you need additional information, please let me know.

Sincerely,



Roxy Huber
Executive Director
Colorado Department of Revenue