

STATE OF COLORADO

DEPARTMENT OF REVENUE

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John Hickenlooper
Governor

March 1, 2011

Roxanne Huber
Executive Director

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.

Specialty License Plate Report:

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

The Department continued to utilize the well-defined established inventory management methodologies and submitted orders to Correctional Industries throughout Fiscal Year (FY) 2009-10 to provide license plates and products to County Motor Vehicle Offices based on a minimum three-month statewide level of inventory. In addition, the Department continued efforts of statewide redistribution which enabled the Department to remove 119,546 plates from county offices with low demand and relocate 78,705 of those plates to county offices with insufficient inventory and greater demand. These actions 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 internally updated programming to make the inventory management program robust enough to handle the higher quantities of registration products (example; annually the Department ordered, replenished inventories and issued ~6.0 million year tabs). This change has brought consistent system inventory controls at the state level 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, dealer stubs, trailer vehicle identification tags, permanent handicap placards, temporary handicap placards, emergency vehicle stickers, low power scooter stickers and collector ownership tabs. This resulted in a statewide redistribution and put the Department in a position to remove 473,359 products from county offices with low demand and relocate 339,104 to county offices with insufficient inventory and greater demand. This resulted in a cost avoidance measure as the Department was able to utilize excess product

**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*

inventories rather than produce new inventories. Although the Department began to implement this effort in the FY 2007-08 reporting period, programming and testing in the FY 2007-08 reporting period resulted in further programming that carried over into FY 2008-09 and FY 2009-10 before final deployment of the new inventory management system is completed. The Department anticipates full deployment of the new inventory management system in FY 2010-11.

The Department maintained license plate ordering processes using well-established inventory management methodology. The methodology adheres to a quarterly order process with a three-month inventory of all plate types statewide. In FY 2009-10, 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. Physical audits of license plate inventories are performed as resources allow by the department with a goal of one physical audit being conducted monthly. 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 continued use of the three-month methodology, situational ordering, streamlined order approval process, audits, and seasonal adjustments ensured the optimal utilization of license plate and product inventories statewide.

In FY year 2009-10 the Department was required to begin issuing a new design of the Breast Cancer Awareness group special license plate as an indirect result of passage of House Bill 09-1164 placing an issuance and renewal Breast and Cervical Cancer Prevention and Treatment Fund surcharge on all Breast Cancer Awareness group special license plate. Redesign activities were completed in FY 2009-10, but agreements with all parties involved permitted the Department to deplete existing Breast Cancer Awareness license plate inventory before requiring the issuance of the newly designed Breast Cancer Awareness license plate. New design was fully implemented and began issuance on July 1, 2009.

In FY 2009-10 the following plate types were added:

- Alive at 25 – HB09-1100 (Passenger, Motorcycle, Personalized Passenger, Personalized Motorcycle);
- Colorado State University – Pueblo – Rule 42-3-214, C.R.S. (Passenger, Personalized Passenger);
- Donate Life - HB09-1347 (Passenger, Motorcycle, Personalized Passenger, Personalized Motorcycle);
- Ski County USA - SB09-161 (Passenger, Motorcycle, Personalized Passenger, Personalized Motorcycle);
- Breast Cancer Modified (Passenger, Motorcycle, Personalized Passenger, Personalized Motorcycle)

In FY 2009-10 the following legislation was implemented that had impacts on license plates and registration products, qualifications, ordering and inventory levels.

- Extended the retirement date of Support Education, Kids 1st, Italian American, Share the Road, Support the Horse, Raptor Education Foundation, and Carbon Fund group special license plates from July 1, 2009 to July 1, 2011 for failure to have 3,000 motor vehicles registered with those plates on July 1, 2009 – SB09-175.
- Removed the retirement date on Breast Cancer group special license plates for failure to have the plates registered to 3,000 motor vehicles on July 1, 2009 – HB09-1164.
- Created the Ski County USA group special license plate – SB09-161.
- Created the Alive at 25 group special license plate – HB09-1100.
- Created the Donate Life group special license plate – HB09-1347
- Authorized the Rocky Mountain Raptor Program to allow applicants to be issued the Raptor Education group special license plate – SB09-175.
- Added a \$25.00 issuance and \$25.00 renewal Breast and Cervical Cancer Prevention and Treatment surcharge on Breast Cancer group special license plates – HB09-1164.
- Expanded the emissions program to Weld and Larimer Counties – SB09-003;

- Amended the definition of "Collector's Item" to mean a motor vehicle, including a truck or truck tractor, that is of model year 1975 or earlier; or model year 1976 or later that was registered as a collector's item prior to September 1, 2009, except that a vehicle so registered shall not be eligible for registration as a collector's item upon sale or transfer to a new owner – SB09-003.
- Created Low-Speed Electric vehicles and removed from statute Neighborhood Electric Vehicles – SB09-075.
- Created the Low-Power Scooter, Electrical Assisted Bicycle, and Electric Personal Assistive Mobility Device and removed from statute Motor-Driven Cycle, Motorscooter, Motorbicycle, and Motorized Bicycle – HB09-1026.
- Amended 42-3-301, C.R.S., License Plate Cash Fund – License Plate Fees from a set fee in statute to the establishment of license plates, decals, and validating tabs fees annually by the Correctional Industries Advisory Committee established pursuant to section 17-24-104(2), C.R.S. – HB09-1133.

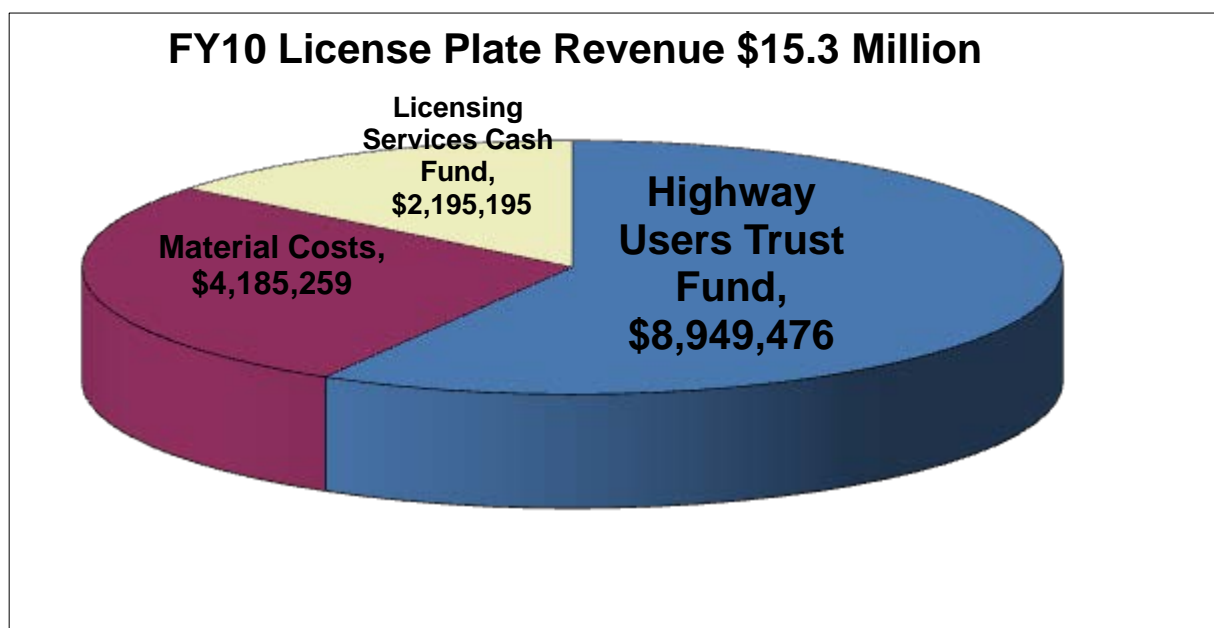
2(b) Statement of Plate Revenues

For FY 2009-10, the Department of Revenue received \$5,977,992 in the License Plate Cash Fund from the sale of all license plates and products, and the Department of Revenue received \$2,195,195 into the Licensing Services Cash Fund from the sale of specialty license plates. In addition, the HUTF received nearly \$7.2 million in revenues from fees collected from the sale of specialty license plates in FY 2009-10 as well as \$1.8 million in unexpended and unencumbered revenues from the sale of all license plates and products reverted from the License Plate Cash Fund - see (2e).

Please note that for FY 2009-10, the State did not have the ability to track license plate revenues by specific plate types.

Table 1: Fiscal Year 2009-10 License Plate Revenue Summary

Fund	Amount	Percent	Governing Statute(s)
License Plate Cash Fund HUTF Reversion 405	1,789,995	12%	42-3-301 (1) (b) & (2) (a)
Specialty Plates to HUTF Fund 405	7,159,481	47%	42-3-211 (6) & (7) & 42-3-212 (4)
Highway Users Trust Fund Subtotal	\$8,949,476	59%	
Material Costs	4,185,259	27%	Plate Material Costs 42-3-301 (2) (a)
Licensing Services Cash Fund	2,195,195	14%	42-3-312 & 42-2-114.5
FY10 Total License Plate Revenue	\$15,329,930	100%	



2(c) Information Regarding Special Plate Purchases

The following are total sets of plates issued to Colorado citizens in FY 2009-10:

All Plate Types: 1,049,038

- Group Special/Military/Alumni Plates: 74,358 (7.09%)
 - Korean War Veteran Plate: 99
 - Commission of Indian Affairs Plate: 300
- Personalized Plates: 8,973 (0.86% of total)
- Special Event Plates: 376 (0.04% of total)
- Statutorily Required Plates: 965,331 (92.01% of total)

Of the 21 Group Special Interest plate types, 28 Military plate types, and 12 Alumni plate types available in FY 2009-10, five plate types (the Columbine, Breast Cancer, Honorably Discharged Veteran, Pioneer, and Disabled Veteran plates) accounted for 55% of all special plate purchases. The remaining 56 plate types (45%) are ultra-low issuance quantities ranging from 4% to 0.001% of total plates issued.

2(d) Expenses of the Department

The Department expended \$4,185,259 for the manufacture and distribution of license plates and products in FY 2009-10 as follows:

All Plate Types: \$ 2,866,052

Group Special/Military/Alumni Plate Types: \$228,015

Personalized Plates: \$24,916

Special Event Plates: \$0*

Statutorily Required Plates: \$2,497,854

One-time appropriation to implement new plate legislation: \$115,267

All Products: \$1,311,207

Misc.: \$8,000

In the FY 2009-10 Long Bill, the General Assembly appropriated \$5,936,876 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 implement new plate legislation of \$643,267.

The quarterly order methodology evaluation (mentioned in 2(a) 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.

Total un-recovered material fees assessed pursuant to 42-3-301, C.R.S. that would have otherwise been credited to the License Plate Cash Fund in FY 2009-10 was \$237,398. Un-recovered material fees are realized due to statutorily required exemptions on certain first issued Military plates, Government plates, Undercover, and Deep Undercover plates. Un-recovered material fees are also realized because of the department not having the authority to assess material fees for issuance of Persons with Disabilities Placards and Emergency Vehicle Stickers.

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 2009-10 was \$1.8 million.

**Note: In FY 2008-09 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. This process was carried through in FY 2009-10.*

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