

STATE OF COLORADO

DEPARTMENT OF REVENUE

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John W. Hickenlooper
Governor

Barbara J. Brohl
Executive Director

March 1, 2013

Members of the General Assembly:

In accordance with the statutory reporting requirements 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**, C.R.S., for the issuance of a license plate pursuant to sections 42-3-213(9) and 42-3-217, C.R.S., shall be transmitted to the State Treasurer, who shall credit the same to the License Plate Cash Fund created in section 42-3-301, C.R.S.
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 the Department of Corrections, Correctional Industries, throughout Fiscal Year (FY) 2011-12 to provide license plates and registration 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 277,707 plates and 1,441,477 registration products from county offices with low demand and relocate 431,338 plates and 1,197,886 registration products 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 and product inventories rather than produce new inventories. Registration products include year tabs, month tabs, Special Mobil 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.

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 2011-12, the Department continued processes to support the three-month methodology with situational ordering (situations that may arise requiring a one-time or seasonal increase/decrease of plates), to streamline the order approval process, and to develop shipping and manufacturer agreements with the Department of Corrections, Correctional Industries, that better support the needs of the citizens. The Department also attained its

*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

goal of performing physical inventory audits of license plates and registration products maintained in the County Motor Vehicle offices. In FY 2011-12 the Department performed physical inventory audits in 12 counties (22 offices) that resulted in a 98.98% average favorable audit rating. The Department will continue with physical inventory audits and anticipates similar audit results going forward. System audits of license plate and registration product 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, audit, and seasonal adjustments ensured the optimal utilization of license plate and product inventories statewide.

In FY 2011-12, the following plate types were added:

- o Taxicab – HB 11-1234 (Passenger and Trailer)
- o Juvenile Diabetes – HB 11-1166 (Passenger and Motorcycle)
- o Craig Hospital – HB 11-1298 (Passenger and Motorcycle)
- o Colorado Avalanche – HB 11-1316 (Passenger and Motorcycle)
- o Denver Nuggets – HB 11-1316 (Passenger and Motorcycle)
- o Girl Scouts – SB 11-197 (Passenger and Motorcycle)
- o World War II – SB 11-037 (Passenger and Motorcycle)

In FY 2011-12, the following legislation was implemented that impacted license plates and registration products, qualifications, ordering, and inventory levels.

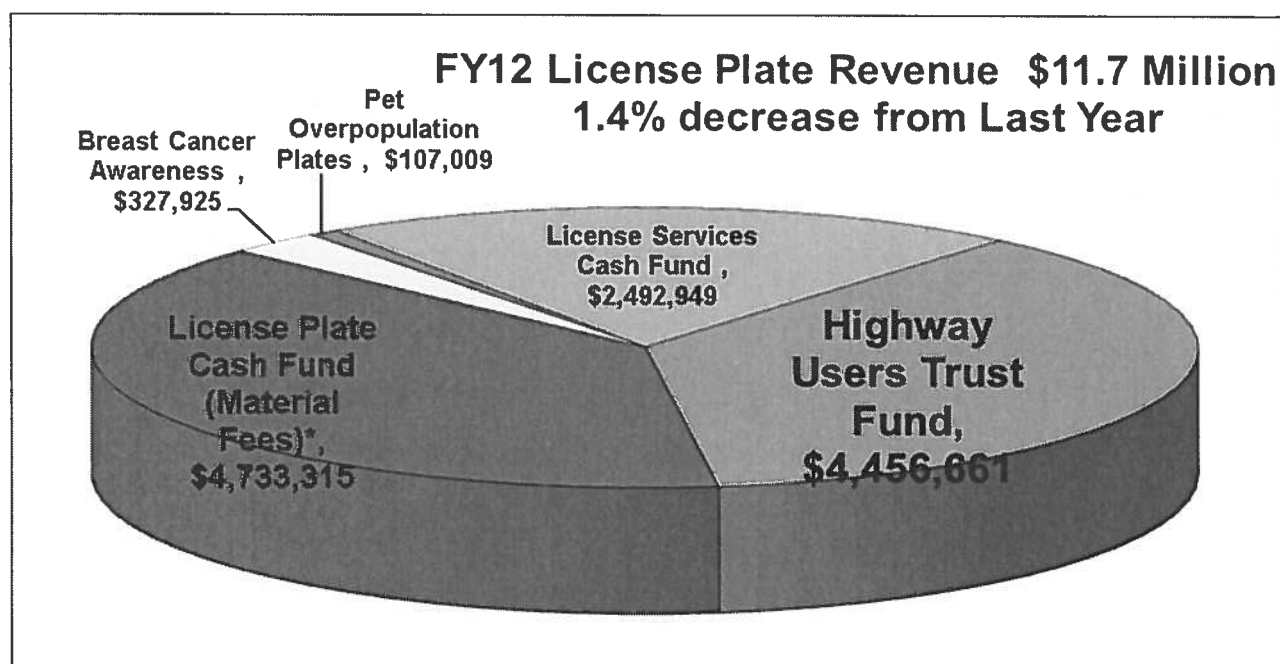
- o Farm Vehicle Registrations – added the collection of the Motorist Insurance Identification Database (MIIDB) fee to farm vehicle registrations and discontinued the requirement for a farmer or rancher to provide proof of farming or ranching operations or from the counties to use the designation of agricultural land as a qualifier to complete farm vehicle registrations – HB 11-1004;
- o Special Mobile Machinery – changed the usage timeline for farm tractors used for non-agricultural purposes to be registered as SMM from 24-hours to 72-hours and decreased the penalty for operating SMM without paying specific ownership tax to the lesser of \$500.00 or double the amount of the specific ownership tax – HB 11-1093;
- o Diesel Emissions Testing on Fleet Vehicles – changed emissions testing and reporting requirements for fleet owners of diesel vehicles – HB 11-1157;
- o Dealer Franchise – amended the definition of "motorcycle" in 42-1-102(55), C.R.S. – HB11-1188;
- o Auction License Plates – established the Governor appointed License Plate Auction Group giving them powers and duties to reserve registration numbers for auction and to auction registration numbers – HB 11-1216;
- o Repealed License Plate Registered Vehicle Minimums – extended the retirement for all thirteen Alumni special license plates to July 1, 2016, extended the retirement of eleven group special license plates created by rule to March 1 each year (10th Mountain Division, Air Force Commemorative, Columbine, Firefighter, Greyhound, and Pioneer), extended the retirement of Support Education, Kids 1st, Italian American, Support the Horse, Carbon Fund, Alive at 25, Ski County USA, Donate Life, State Parks, and Adopt a Pet group special license plates to July 1, 2016, permitted the Support Education groups special license plate to be authorized for issuance by an additional non-profit agency, and extended the Boy Scouts group special license plate to June 30, 2016 – HB11-1236;
- o Collector's Motor Vehicles – made multiple amendments to the definitions of commercial vehicle and motor vehicles and moved collector's vehicles statutes from Section 3 in Title 42 to Section 12 in Title 42 to apply to collector's vehicles (5-Year Collectors, Horseless Carriage, and Year of Manufacturer) – SB 11-031;
- o Persons with Disabilities Authorizations – amended statutes extending which medical professionals can validate a person's disability for the issuance of persons with disabilities license plates and placards – SB 11-195.

2(b) State of Plate Revenues

FY 2011-12, the Department of Revenue received \$4,733,315 (amount includes previous fiscal year's reversion of \$459,456 that is completed in FY 2011-12) in the License Plate Cash Fund from the sale of all license plates and products, and the Department of Revenue received \$2.5 million in both the Highway Users Tax Fund and Licensing Services Cash Fund from the sale of specialty license plates. Furthermore, the Eligibility Expansion Account of the Breast and Cervical Cancer Prevention and Treatment Fund received \$327,925 from the sale, replacement, and renewal of the Breast Cancer Awareness group special license plate. The Adopt a Shelter Pet Account in the Pet Overpopulation Fund also received \$107,009 from the sale and replacement of the Adopt a Shelter Pet group special license plate. Finally, the Highway Users Trust Fund (HUTF) in total received just over \$4.5 million in revenues from fees collected from the sale of specialty and other license plates in FY 2011-12 as well as \$459,456 in unexpended and unencumbered revenues from the sale of all license plates and products reverted from the License Plate Cash Fund – see (2e).

Table 1: Fiscal Year 2011-12 License Plate Revenue Summary

| Fund | Amount | % | Governing Statute(s) |
|-----------------------------------------------|---------------------|-------------|---------------------------------|
| License Plate Cash Fund HUTF Reversion | 459,456 | 4% | 42-3-301(1)(b) & (2)(a) |
| Specialty Plates to HUTF | 2,492,949 | 21% | 42-3-211(6) & (7) & 42-3-212(4) |
| Other Plates to HUTF | 1,504,256 | 12% | Various/Multiple Statutes |
| Highway Users Trust Fund Subtotal | \$4,456,661 | 37% | |
| License Plate Cash Fund (Materials Fees)* | 4,733,315 | 39% | Material Costs 42-3-301(2)(a) |
| Licensing Services Cash Fund | 2,492,949 | 21% | 42-3-312 & 42-2-114.5 |
| Breast Cancer Treatment Fund | 327,925 | 3% | 42-3-217.5(3) |
| Pet Overpopulation Fund | 107,009 | 1% | 42-3-234(4) |
| FY 2011-12 Total License Plate Revenue | \$11,658,403 | 100% | |



*Amount includes previous fiscal years reversion of \$459,456 that is completed in FY 2011-12

2(c) Information Regarding Special Plate Purchases

The following are total plates issued to Colorado citizens in FY 2011-12:

All Plate Types: 1,106,635

- o Group Special/Military/Alumni/Designer Plates: 112,013 (10.12%)
 - Korean War Veteran Plate: 109
 - Commission of Indian Affairs Plate: 336
- o Personalized Plates: 10,458 (0.94%)
- o Statutorily Required Plates: 984,164 (88.94%)

Of the 29 group special license plate types, 34 military plate types, 13 alumni plate types, and 1 designer plate type available in FY 2011-12, 6 plate types (the Designer, Breast Cancer Awareness, Columbine, Disabled Veteran, Honorably Discharged Veteran, and Pioneer) accounted for 50.40% of all special plate purchases. The remaining 70 plate types are ultra-low issuance quantities ranging from 0.001% to 3.80% of total plates issued.

2(d) Expenses of the Department

The Department expended \$4,273,859 for the manufacture and distribution of license plates and products in FY 2011-12 as follows:

- All Plate Types: \$2,735,047
 - Group Special/Military/Alumni/Designer Plate Types: \$304,500
 - Personalized Plates: \$27,687
 - Statutorily Required Plates: \$2,402,860
 - One-Time appropriation to implement new legislation: \$45,495
- All Product: \$1,526,134
- Misc.: \$12,678

In the FY 2011-12 Long Bill, the General Assembly appropriated \$6,518,776 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 legislation of \$112,680.

The quarterly order methodology evaluation (mentioned in 2(a) above), together with the continued dedication to redistribute imbedded inventories between counties, limiting manufacture of plate and product types that fell below three-month inventory levels statewide, allowed the Department to generate ongoing efficiency savings.

Total unrecovered 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 2011-12, were \$165,787. Unrecovered material fees are incurred from statutorily required exemptions on certain first issued Military plates, Government plates, Undercover and Deep Undercover plates, Emergency Vehicle Stickers, and Persons with Disabilities Placards and Tabs.

2(e) Allocation of Remaining Revenues

Per section 42-3-301(1)(b), C.R.S., any unexpended and unencumbered moneys remaining in the License Plate Cash Fund reverts to the HUTF. The remaining fund balance of the License Plate Cash Fund transferred to the HUTF in FY 2011-12 was \$430,509.

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,



Barbara J. Brohl
Executive Director
Colorado Department of Revenue