



COLORADO

Department of Revenue

Division of Motor Vehicles

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March 1, 2015

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 Plate Fees

1. The fees collected pursuant to sections 42-3-213 and 42-3-217, C.R.S., for the issuance of license plates 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 established inventory management methodologies and submitted orders to the Department of Corrections, Correctional Industries, throughout Fiscal Year (FY) 2013-14 to provide license plates and registration products to the County Motor Vehicle offices. This ordering methodology is based on a minimum three-month statewide level of inventory for license plates and registration products.

On April 1, 2014 the Department implemented the Print of Demand (POD) process for specialty and low issuance license plates. POD is a process for a customer who desires, and meets the qualifications for a specialty plate that the Department has determined is a low issuance plate. The customer completes the transaction at the County Motor Vehicle office and, within a couple days, the license plate is manufactured and mailed directly to the customer. The customer then completes an activation process similar to receiving a debit/credit card from a bank that activates the license plate to the vehicle's registration, thus eliminating the need for inventory of every license plate type in each of the 106 County Motor Vehicle offices. This has allowed the Department to redirect the savings from POD, to meet the plate inventories of non-POD plates and registration products. Registration products include year tabs, month tabs, Special Mobile Machinery (SMM) rental tabs, SMM ownership tabs, temporary registration permits, dealer stubs, trailer vehicle identification tags, permanent persons with disabilities placards, temporary persons with disabilities placards, emergency

vehicle stickers, low power scooter stickers, collector ownership tabs, and plug-in electric vehicle decals.

In FY 2013-14, 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 manufacturing agreements with the Department of Correction, Correctional Industries, that better support the needs of the citizens. The Department also attained its goal of performing 20 physical inventory audits of license plates and registration products maintained in the County Motor Vehicle offices. In FY 2013-14 the Department performed physical inventory audits in 20 Counties (47 offices) with findings of a 99.90% average favorable audit rating.

In FY 2013-14, the following plate types were added and are manufactured using POD process:

- Civil Air Patrol – SB 13-060 (Passenger and Motorcycle)
- Navy Seal – SB 13-120 (Passenger and Motorcycle)
- Protect Our Rivers – SB 13-224 (Passenger and Motorcycle and Personalized)

In FY 2013-14, the following legislation was implemented that impacted license plates and registration products, qualifications, ordering and inventory levels:

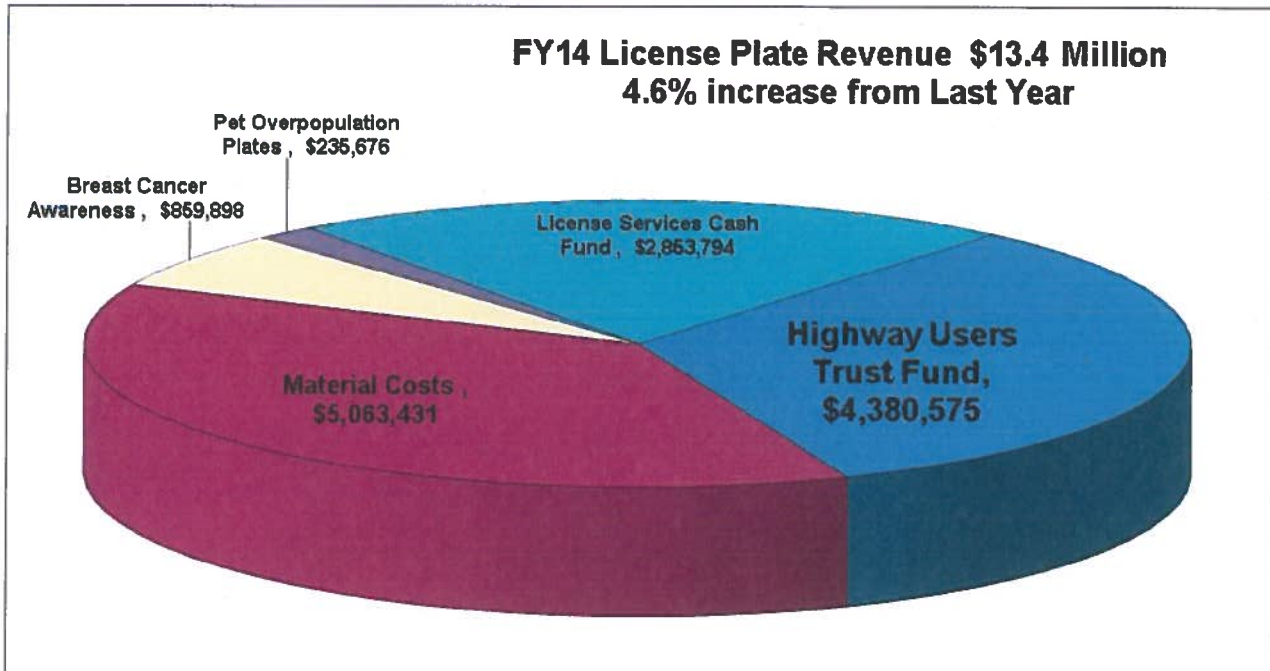
- Collector Vehicles – HB 13-1071: adds to the definition of Collector's Item a vehicle that has a model year at least thirty-two year old, required the Collector's Item to pass an emissions test within the last 12-months if in an emissions area, required 1976 or newer Collector's Items to pass emissions when renewing every five-years, required an owner to sign an affidavit that the Collector's Item will not be driven on roadways for more than 4,500 miles per year, and added emissions exemptions for motor vehicles of historic or special interest if manufactured prior to the date emissions controls were standard equipment on that particular make or model. This clarified the qualifications for the vehicles that are Collector's Items and my increase the issuance of plates manufactured by POD.
- Electric Vehicles – HB 13-1100: requires the issuance of a plug-in electric vehicle decal and the collection of an annual \$50.00 plug-in electric vehicle fee for a plug-in electric vehicle, of which \$30.00 of the fee is transmitted to the HUTF and \$20.00 is transmitted to the Electric Vehicle Grant Fund created in 24-38.5-103, C.R.S. This created a need for a new registration product.
- Persons with Disabilities Verifications – SB 13-058: defines a Temporary Disability, requires a person with a Permanent Disability to self-verify their disability every 3rd and 6th year and for a medical professional to validate their disability verified by a medical professional every 3rd year, allows Chiropractors and Physical Therapists to validate temporary disabilities for the issuance of a temporary placard. With the expansion of who may validate temporary disabilities there may be additional placards issued.
- The following bills created new plates that will be issued via POD:
 - Civil Air Patrol Military Special License Plate – SB 13-060: creates the Civil Air Patrol Military special license plate that can be issued to anyone that supports the Civil Air Patrol.
 - Navel Seal Military Special License Plate – SB 13-120: creates the Navy Seal military special license plate that can be issued to a natural person who has received an honorable discharge, is retired, or is an active or reserve member of the U.S. Navy Seals.
 - Protect Our Rivers Group Special License Plate – SB 13-224: creates the Protect Our Rivers group special license plate that can be issued to a person that presents a certificate issued by the Colorado Trout Unlimited confirming the person has donated \$25.00 to the organization.

2(b) State of Plate Revenues

Overall revenue collected from the issuance of plates increased 4.6% for FY 2013-14. In FY 2013-14 the Department of Revenue collected \$5,063,431 in material fees from the sale of all license plates and registration products. In addition the Department collected \$2.8 million for the Licensing Services Cash Fund (LSCF) from the sale of specialty license plates. Furthermore, the Eligibility Expansion Account of the Breast and Cervical Cancer Prevention and Treatment Fund received \$859,898 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 received \$235,676 from the sale and replacement of the Adopt a Shelter Pet group special license plate. Finally, Highway Users Tax Fund (HUTF) in total received just over \$4.3 million in revenues from fees generated by the sale of specialty and other license plates in FY 2013-14.

Table 1: Fiscal Year 2013-14 License Plate Revenue Distribution Summary

Fund	Amount	%	Governing Statute(s)
License Plate Cash Fund (Materials Fees)	5,063,431	38%	Material Costs 42-3-301(2)(a)
Licensing Services Cash Fund	2,853,794	21%	42-3-312 & 42-2-114.5
Breast Cancer Treatment Fund	859,898	6%	42-3-217.5(3)
Pet Overpopulation Fund	235,676	2%	42-3-234(4)
Highway Users Tax Fund	\$4,380,575	33%	42-3-211(6) & (7) & 42-3-212(4)
FY 2013-14 Total License Plate Revenue	\$13,393,374	100%	



2(c) Information regarding Special Plate Purchases

The following are total plates issued to Colorado citizens in FY 2013-14:

Plate Types	Issued	Percentage
Group Special / Military / Alumni / Designer Plates	120,243	9.55%
Personalized Plates	10,496	0.83%
Other Plates (Standard, Govt, Fleet, etc)	1,128,258	89.62%
All Plate Types	1,258,997	100%

Of the 37 group special license plate types, 38 military plate types, 13 alumni plate types, and one designer plate type available in FY 2013-14, six plate types (the Columbine, Designer, Disabled Veteran, Honorably Discharged Veteran, Breast Cancer Awareness, and Pioneer) accounted for the 51.96% of all special plate purchases. The remaining 83 plate types are low issuance quantities ranging from 0.001% to 3.72% of total plates issued and are now issued by POD.

2(d) Expenses of the Department

The Department expended \$5,085,909 for the manufacture and distribution of license plates and registration products in FY 2013-14 as follows:

Plate Types	Expenses	Percentage
Group Special / Military / Alumni / Designer Plates*	\$249,767	4.96%
Personalized Plates	\$28,048	0.56%
Other Plates (Standard, Govt, Fleet, etc)	\$3,011,845	59.81%
One-Time Appropriation for New Legislation	\$199,318	3.96%
Miscellaneous	\$16,330	0.32%
Product (Month Tabs, Year Tabs, etc.)	\$1,530,601	30.39%
All Plate Types & Product	\$5,035,909	100%

*Expenditure before implementation of the POD process and recovery of the license plates from county inventories.

In the FY 2013-14 Long Bill, the General Assembly appropriated \$5,330,116 cash fund spending authority for the purchase of license plates and associated products in the Department's License Plate Ordering line item and a one-time special bills appropriations to implement new legislation of \$210,392. This fund is limited by the working cash available to purchase associated products as prior to July 1, 2014 the account balance was swept to the HUTF. As inventory levels have decreased there has been less working capital available to replenish inventories. Due to revenue projections, the Department restricted spending by \$504,599 resulting in expenditures from the LPCF for FY 2013-14 of \$5,035,909.

The quarterly order methodology evaluation (mentioned in 2(a) above) together with POD and with the continued dedication to redistribute inventories between counties, and limiting the manufacturing of license plates and registration product types that fell below three-months 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., which would have otherwise been credited to the License Plate Cash Fund in FY 2013-14 was \$154,317. Un-recovered material fees are incurred from statutorily required exemptions on certain first issuance of 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

Senate Bill 14-194 eliminated the annual sweep of the License Plate Cash Fund to the Highway Users Tax Fund leaving any unexpended and unencumbered moneys in the fund per section 42-3-301(1)(b), C.R.S.

2(f) Any recommendations for changes in statutes that the Executive Director deems necessary or desirable

The Department does not have any recommended statutory changes.

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

Sincerely,



Barbara J. Brohl
Executive Director
Colorado Department of Revenue