



COLORADO

Department of Revenue

Division of Motor Vehicles

Physical Address:

1881 Pierce Street
Lakewood, CO 80214

Mailing Address:

P.O. Box 173350
Denver, CO 80217-3350

March 1, 2016

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 (Department) 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) 2014-15 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.

The Department utilizes the Print of Demand (POD) process for designated specialty and low issuance license plates. Since implementation in April 1, 2014 the POD saved the State of Colorado \$417,131.80 in recovering and not preordering specialty and low issuance license plates. The POD process provides customer who have completed 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 2014-15, 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 2014-15 the Department performed physical inventory audits in 36 Counties (51 offices) with findings of a 99.16% average favorable audit rating.

In FY 2014-15, the following plate types were added and are manufactured using POD process:

- o Autocycle – HB 14-1367 (Autocycles only)
- o Emergency Medical Services – SB 14-036 (Passenger, Motorcycle and Personalized)
- o Legislator License Plates – HB 14-1284 (Passenger)
- o Person With Disabilities Personalized – HB 14-1029 (Passenger, Motorcycle and Personalized)
- o Support the 10th Mountain Division – HB 14-1089 (Passenger)
- o U.S. Army 10th Mountain Division – HB 14-1089 (Passenger and Motorcycle)
- o USS Colorado Submarine – SB 14-041 (Passenger and Motorcycle)

In FY 2014-15, the following legislation was implemented that impacted license plates and registration products, qualifications, ordering and inventory levels:

- o Breast and Cervical Cancer Treatment – HB 14-1045: extended the Breast and Cervical Cancer Prevention and Treatment program. In addition to other vehicle and license plate taxes and registration fees the Breast Cancer license plates are assessed \$25 for issuance, replacement, and annual renewal fee that is credited to the Breast and Cervical Cancer Prevention and Treatment Fund created in C.R.S. 25.5-5-308(8)(a). There are currently 36,706 vehicles registered with this license plate with an average annual issuance of 7,110.
- o Collector Item Motor Vehicle Emission Inspection – HB 14-1056: amended Collector Items statutes to grandfather emissions inspections and mileage affidavits for certain Collector Items. There are currently 100,554 vehicles registered with this license plate with an average annual issuance of 4,595.
- o Distinguished Flying Cross License Plate Waive Fee – SB 14-030: exempted registration fees for the Distinguished Flying Cross license plate. There are currently 108 vehicles registered with this license plate with an average annual issuance of 14.
- o Fallen Soldier License Plate Combat Zone – SB 14-132: repealed the requirement that the Fallen Soldier be deployed to a combat zone at the time of his or her death for a relative to be eligible to be issued the plate. Although the bill title was for Fallen Soldier it applied to all five of the Fallen Service Member license plates issued under C.R.S. 42-3-213(15). There are currently 301 vehicles registered with the five license plates with an average annual issuance of 97.
- o Plug-In Electric Motor Vehicle – HB 14-1027: amended the definition of Plug-In Electric Vehicle under C.R.S. 42-3-306(25)(c). This expanded the number of vehicles that qualify as a Plug-In Electric Vehicle requiring additional Plug-In Electric Vehicle Decals to be issued. There are currently 4,567 Plug-In Electric Vehicles registered in Colorado.

- The following bills created new plates that will be issued via POD:
 - Autocycle – HB 14-1367: created the Autocycle vehicle registration requirements and that an Autocycle to be issued autocycle license plates. This required the Department to create new Autocycle license plates. There are currently two vehicles registered with this license plate with an average annual issuance of three.
 - Emergency Medical Services – SB 14-036: created the Emergency Medical Service license plate that can be issued to a person that presents a certificate issued by the Emergency Medical Services Association of Colorado confirming the person has donated \$10.00 to the organization. There are currently 347 vehicles registered with this license plate with an average annual issuance of 322.
 - Legislator License Plates – HB 14-1284: required the already established Legislator license plates to be specifically registered to the Legislators' vehicle. Set the license plate number to "S" for Senators and "H" for Representatives followed by the Legislators' district number (i.e., S01, H65). This also required issuance of new license plates with year and month validation tabs to members of the general assembly.
 - Person With Disabilities Personalized – HB 14-1029: recodified person with disabilities statutes, increased the number of person with disabilities license plates that can be issued to a qualifying person from one to two, allows for person with disabilities license plates to be personalized, allows for parents and guardians of a person with disability to be issued person with disabilities license plates, requires a "C" to be placed on the vehicles registration receipt of a parent or guardian issued a person with disabilities license plate, places a three and nine year medical professional validation requirement on renewals of person with disability license plates and placards, and requires the Disabled Veteran Handicap license plate to receive a medical professional validation every nine years at renewal. This required the Department to design and implement two new personalized plates and increase the number of license plates available for issuance. There are currently 39,945 vehicles registered with this license plate and 527,042 placards with an average annual issuance of 9,848 license plates and 165,975 placards.
 - Support the 10th Mountain Division – HB 14-1089: eliminated the current 10th Mountain Division license plate and required the owners to either replace the license plate with a Support the 10th Mountain Division, U.S. Army 10th Mountain Division, or other license plate. Created the Support the 10th Mountain Division license plate that can be issued to a person that presents a certificate issued by the 10th Mountain Division Foundation, Inc. confirming the person has made a donation to the organization. The license plate also requires the person to present a certificate annually at renewal from the organization confirming the person has donated \$15 to the organization in order to retain the license plate. Before this legislation there were 12,252 vehicles registered with the 10th Mountain Division license plate that were required to be replaced with an average annual issuance of 2,195. There are currently 2,889 vehicles registered with this license plate with an average annual issuance of 1,989.
 - U.S. Army 10th Mountain Division – HB 14-1089: eliminated the current 10th Mountain Division license plate and required the owners to either replace the license plate with a Support the 10th Mountain Division, U.S. Army 10th Mountain Division, or other license plate. Created the U.S. Army 10th Mountain Division license plate that can be issued to a natural person who is a veteran, a reserve member, or an active member of the 10th Mountain Division of the United States Army. Before this legislation there were 12,252 vehicles registered with the 10th Mountain Division license plate that were required to be replaced with an average

annual issuance of 2,195. There are currently 309 vehicles registered with this license plate with an average annual issuance of 283.

- o USS Colorado Submarine – SB 14-041: created the USS Colorado Submarine license plate that can be issued to any person who supports the USS Colorado (SSN-788). There are currently 117 vehicles registered with this license plate with an average annual issuance of 105.

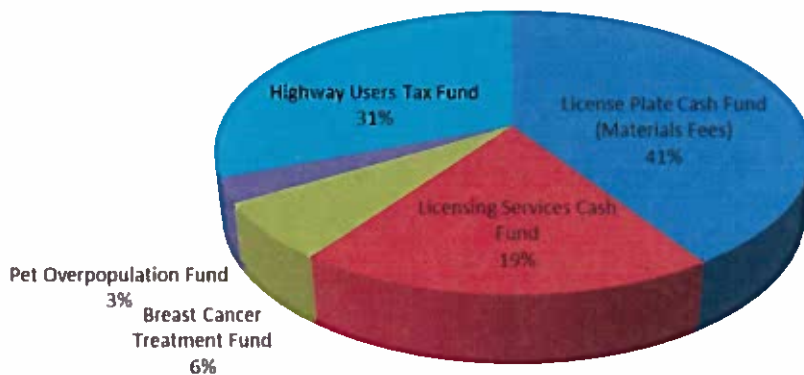
2(b) State of Plate Revenues

Overall revenue collected from the issuance of plates increased 2.2% for FY 2014-15. In FY 2014-15 the Department of Revenue collected \$5,580,498 in material fees from the sale of all license plates and registration products. In addition the Department collected \$2.6 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 \$886,749 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 \$379,184 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 \$4.2 million in revenues from fees generated by the sale of specialty and other license plates in FY 2014-15.

Table 1: Fiscal Year 2014-15 License Plate Revenue Distribution Summary

Fund	Amount	%	Governing Statute(s)
License Plate Cash Fund (Materials Fees)	5,580,498	41%	Material Costs 42-3-301(2)(a)
Licensing Services Cash Fund	2,622,266	19%	42-3-312 & 42-2-114.5
Breast Cancer Treatment Fund	886,749	6%	42-3-217.5(3)
Pet Overpopulation Fund	379,184	3%	42-3-234(4)
Highway Users Tax Fund	\$4,216,680	31%	42-3-211(6) & (7) & 42-3-212(4)
FY 2014-15 Total License Plate Revenue	\$13,685,377	100%	

**FY '15 License Plate Revenue: \$13.6 Million
2.2% Increase Over FY '14**



2(c) Information regarding Special Plate Purchases

The following are total plates purchased in FY 2014-15:

Plate Types	Purchased	Percentage
Group Special / Military / Alumni / Designer Plates	29,278*	2.82%
Personalized Plates	10,048	0.97%
Other Plates (Standard, Govt, Fleet, etc)	999,200	96.21%
All Plate Types	1,038,526	100.00%

*Decrease of the plates purchased due to the POD process of recovering license plates from county inventories.

2(d) Expenses of the Department

The Department expended \$5,340,529 for the manufacture and distribution of license plates and registration products in FY 2014-15 as follows:

Plate Types	Expenses	Percentage
Group Special / Military / Alumni / Designer Plates*	\$85,289	1.60%
Personalized Plates	\$28,335	0.53%
Other Plates (Standard, Govt, Fleet, etc)	\$3,460,349	64.79%
One-Time Special Bills Implementation	\$80,026	1.50%
Miscellaneous	\$9,140	0.17%
Product (Month Tabs, Year Tabs, etc.)	\$1,677,390	31.41%
All Plate Types & Product	\$5,340,529	100.00%

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

In the FY 2014-15 Long Bill, the General Assembly appropriated \$5,380,012 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 \$87,605. 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.

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 2014-15 was \$180,297. 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.

Pursuant to the statutory references listed below, the Department will retire the below group special and alumni license plates in calendar year 2016 due to plate issuance and registration totals being less than the statutory required amount. Retirement of the license plates will stop all new issuance and replacements. Individuals that are currently registered with the license plate may retain the license plate until the owner elects to replace it or it is damaged, lost or stolen. All owners will be informed of the retirement via U.S. postal mail.

Plate	C.R.S.	Statutory Minimum Required	Minimum Required By	Current Registered*	Months Plate Has Been In Existence*	Previous Extensions Granted
Alive at 25	42-3-230(6)	3,000	July 1, 2016	100	72	HB11-1236
Carbon Fund	42-3-228(6)	3,000	July 1, 2016	1,145	88	SB09-175 & HB11-1236
Craig Hospital	42-3-240(2)(a)	3,000	July 1, 2016	384	48	-
Denver Nuggets	42-3-239(2)(a)	3,000	July 1, 2016	465	48	-
Juvenile Diabetes	42-3-238(2)(a)	3,000	July 1, 2014	1,298	48	-
Kids First	42-3-224(2)(a)	3,000	July 1, 2016	2,080	101	SB09-175 & HB11-1236
Raptor	42-3-208(3)	3,000	January 1, 2016	2,865	185	SB09-175 & HB11-1236
State Parks	42-3-233(6)	3,000	July 1, 2016	1,846	60	HB11-1236
Support Education	42-3-222(6)	3,000	July 1, 2016	675	107	SB09-175 & HB11-1236
Support the Horse	42-3-227(6)	3,000	July 1, 2016	2,630	84	SB09-175 & HB11-1236
UCCS	42-3-214(7)	500	July 1, 2016	146	60	-
U.S. Air Force Academy	42-3-214(7)	500	July 1, 2016	496	228	-

*As of December 31, 2015

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

Sincerely,



Barbara J. Brohl
Executive Director
Colorado Department of Revenue