Colorado Legislative Council Staff

HB17-1296

REVISED FISCAL NOTE

(replaces fiscal note dated April 13, 2017)

FISCAL IMPACT: ☒ State ☐ Local ☐ Statutory Public Entity ☐ Conditional ☐ No Fiscal Impact

Drafting Number:	LLS 17-0712	**Date:**	April 27, 2017
Prime Sponsor(s):	Rep. Nordberg; Kraft-Tharp Sen. Smallwood; Jahn	**Bill Status:**	Senate SVMA
		Fiscal Analyst:	Ryan Long (303-866-2066)

BILL TOPIC: ASSIGNMENT OF STATE-OWNED VEHICLES

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019
State Revenue		
State Expenditures	**$227,848**	**$239,453**
Cash Funds	196,235	0
Reappropriated Funds	0	204,601
Centrally Appropriated Costs	31,613	34,852
FTE Position Change	1.8 FTE	2.0 FTE
Appropriation Required: $196,235 - Department of Personnel and Administration (FY 2017-18).		
Future Year Impacts: Ongoing revenue and expenditure increases.		

Summary of Legislation

This ***reengrossed*** bill, ***as initially recommended by the Legislative Audit Committee***, clarifies the criteria and requirements for the assignment of state-owned vehicles to state agencies and employees. Under this bill, the assignment of a vehicle to a state agency is only authorized when the agency's use of the vehicle is likely to meet the minimum required mileage for the vehicle's intended work, or if the agency can justify the need for a permanent assignment of a vehicle for a unique use.

State agency refers mainly to Executive Branch agencies, and it does not include Judicial or Legislative Branch agencies, or institutions of higher education. However, the definition of agency does include the State Board of Stock Inspection Commissioners. Under this bill, a state agency may assign a vehicle to an officer or employee of the agency for business and commuting purposes only if the assignment of the vehicle:

- is necessary to conduct official and legitimate state business;
- either meets the federal Internal Revenue Service definition of qualified nonpersonal use or is the most cost efficient means of transportation; and
- complies with any additional criteria established in rules adopted by the Department of Personnel and Administration (DPA).

The bill specifies that an officer or employee of an agency must pay income tax on the value of the fringe benefit of an assigned vehicle.

The authorization of a vehicle assignment must be submitted in writing to the Division of Central Services in DPA by the executive director of an agency or their designee. The director of the division must establish a program and adopt rules to annually to verify that the assignment of all state owned vehicles comply with state and federal law.

On or before September 1, 2019, the DPA is required to report to the Legislative Audit Committee on the implementation and enforcement of this bill.

Background

This bill implements recommendations from the November 2017 Commuting Use of State-Owned Vehicles audit from the Office of the State Auditor.

State Expenditures

In FY 2017-18. this bill will increase state cash fund expenditures in DPA by $227,848 and 1.8 FTE. In FY 2018-19 and in future years, this bill will increase funds reappropriated from other state agencies that use fleet vehicles by at least $239,453, and require 2.0 FTE. These impacts are outlined in Table 1 and described below.

Table 1. Expenditures Under HB17-1296.

Cost Components	**FY 2017-18**	**FY 2018-19**
Personal Services	$185,119	$202,701
FTE	1.8 FTE	2.0 FTE
Operating Expenses and Capital Outlay Costs	11,116	1,900
Centrally Appropriated Costs*	31,613	34,852
TOTAL	**$227,848**	**$239,453**

** Centrally appropriated costs are not included in the bill's appropriation.*

Department of Personnel and Administration. The department will require an allocation of 1.8 FTE in FY 2017-18 and 2.0 in FY 2018-19 and in future years to implement the new requirements for fleet vehicles.

Fleet Management Program and Motor Pool Services. The department requires a Program Management I position to work with departmental and program management to coordinate commuting authorization, as well as to implement ongoing enforcement activities. FY 2017-18 costs for this position are prorated to account for an assumed September 1, 2017 start date. Additionally, the department will require an Accountant III position for the development and maintenance of proper payroll accounting for state owned commuter vehicles, the review and interpretation of IRS regulations regarding commuting, and for proposing recommendations for rule changes and fiscal procedure changes. In order to attract qualified candidates, it is assumed both positions will be paid at the mid-point of the salary range.

Legislative Audit Committee report. It is assumed that the report due to the Legislative Audit Committee by September 1, 2019 can be accomplished within current appropriations. Should additional resources be required, these will be requested during the annual budget process.

Other state agencies. Fees in the Fleet Management Program and Motor Pool Services are set directly to the costs the program incurs, and are deposited in the Fleet Management Fund. To the extent that an agency requires more resources for an adjustment to the fees assessed for the use of state vehicles, it is assumed that it will request them in the annual budget process. It is assumed that there will be a sufficient cash fund balance in the Fleet Management Fund to accommodate the expenditures in the Fleet Management Program and Motor Pool Services for FY 2017-18. As a result, fees will not need to be increased in FY 2017-18 to account for the new expenditures. Additionally, state agencies that use state vehicles may experience a minimal workload increase to modify their existing practices and calculate employee benefits. It is assumed that this workload can be accomplished in existing appropriations, and the need for any additional resources will be requested during the annual budget process.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are estimated in the fiscal note for informational purposes and summarized in Table 2.

Table 2. Centrally Appropriated Costs Under HB 17-1296		
Cost Components	**FY 2017-18**	**FY 2018-19**
Employee Insurance (Health, Life, Dental, and Short-term Disability)	$15,025	$16,689
Supplemental Employee Retirement Payments	16,588	18,163
TOTAL	**$31,613**	**$34,852**

Effective Date

The bill takes effect September 1, 2017.

State Appropriations

For FY 2017-18, the bill requires and includes an appropriation of $196,235 from the Motor Fleet Management Fund to the Department of Personnel and Administration, and an allocation of 1.8 FTE.

The bill also reduces an appropriation 2.0 FTE from the Department of Personnel and Administration Revolving Fund.

State and Local Government Contacts

All State Agencies