



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 26-1057: VETERAN DISABILITY LICENSE PLATES & TAXES & FEES

Prime Sponsors:

Rep. Bradfield; Marshall
Sen. Snyder

Fiscal Analyst:

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Fiscal note status: The revised fiscal note reflects the introduced bill, as amended by the House Finance Committee.

Summary Information

Overview. The bill allows veterans with a disability to receive a standardized or military license plate without being charged taxes or fees.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis:

- State Revenue
- State Expenditures
- TABOR Refunds
- Local Government

Appropriations. No appropriation is required.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29	Out Year FY 2029-30
State Revenue (Cash Funds)	\$0	\$0	-\$2,453,521	-\$2,453,521
State Expenditures (Various Funds)	\$0	\$16,709	\$0	\$2,761,629
Transferred Funds	\$0	\$0	\$0	\$0
Change in TABOR Refunds	\$0	\$0	Not estimated	Not estimated
Change in State FTE	0.0 FTE	0.0 FTE	0.0 FTE	0.0 FTE

Fund sources for these revenue and expenditure impacts are shown in Tables 2 and 3.

Summary of Legislation

Under current law, a veteran who is disabled and meets certain qualifications does not need to pay taxes and fees for one set of disabled veteran or disabled woman veteran license plates. Beginning July 1, 2028, the bill allows a qualified veteran to be issued a set of standardized license plates or military special license plates without being charged taxes and fees, including the annual fee for a Keep Colorado Wild pass. The exemption does not apply to commercial vehicles, implements of husbandry, farm trucks, or truck tractors that are taxed at a reduced rate.

Assumptions

According to estimates from the Department of Military and Veterans Affairs (DMVA), as of December 2025, there were 97,884 veterans in Colorado with a 50 percent or more service-connected disability receiving compensation from the DMVA. According to the Department of Revenue (DOR), as of December 2025, there were 53,938 disabled veterans receiving fee-exempt license plates. Based on this data, 43,946 additional disabled veterans would qualify under the bill to be exempted from paying license plate taxes and fees. This analysis assumes that 8.7 percent of these veterans do not own a vehicle and that 50 percent of the remaining eligible veterans, 20,061 veterans, will receive fee-exempt license plates.

State Revenue

Department of Revenue

The bill decreases state cash fund revenue by to the DOR by an estimated \$2.5 million per year beginning in FY 2028-29. This revenue, which is subject to TABOR, is discussed below and shown in Tables 2 and 2A.

License Plate Taxes and Fees

The amount of state taxes and fees charged to a vehicle owner can vary significantly based a vehicle's size, age, weight, and other variables. To calculate the revenue impact, the fiscal note assumes the current average of \$122.30 paid in state taxes and fees per plate. Revenue from vehicle taxes and fees are distributed to multiple cash funds, as shown in Table 2. See the Local Government and State Expenditures sections below for impacts related to specific ownership taxes and local governments.

Table 2
State Revenue
Department of Revenue

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29	Out Year FY 2029-30
HUTF (See Table 2A for detail)	\$0	\$0	-\$2,125,315	-\$2,125,315
EMS Account	\$0	\$0	-\$40,123	-\$40,123
Air Account	\$0	\$0	-\$10,031	-\$10,031
DRIVES Cash Fund	\$0	\$0	-\$22,068	-\$22,068
License Plate Cash Fund	\$0	\$0	-\$236,926	-\$236,926
Peace Officer Fund	\$0	\$0	-\$19,058	-\$19,058
Total Revenue Impact	\$0	\$0	-\$2,453,521	-\$2,453,521

Highway Users Tax Fund Distributions

Of the HUTF revenue decreasing under the bill, 65 percent is credited to the State Highway Fund (SHF) for expenditure by the Department of Transportation, 26 percent is credited to counties, and 9 percent is credited to municipalities. Table 2A outlines the estimated decrease in HUTF revenue under the bill.

Table 2A
HUTF Distributions
Department of Transportation and Local Governments

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29	Out Year FY 2029-30
State Highway Fund (65 percent)	\$0	\$0	-\$1,381,455	-\$1,381,455
Counties (26 percent)	\$0	\$0	-\$552,582	-\$552,582
Municipalities (9 percent)	\$0	\$0	-\$191,278	-\$191,278
Total Revenue Impact	\$0	\$0	-\$2,125,315	-\$2,125,315

Keep Colorado Wild Pass

Under current law, individuals with a disabled veteran or Purple Heart license plate may access state parks without paying a fee. Colorado Parks and Wildlife (CPW) also offers a free annual Independence State Parks Pass, which provides access to all Colorado state parks for resident veterans with service-connected disabilities and for Purple Heart Award recipients. Therefore, the fiscal note assumes those qualifying for a Keep Colorado Wild pass under the bill already receive a state parks pass at no cost, and this exemption has no impact on state revenue.

State Expenditures

The bill increases state expenditures in the DOR and the Department of Natural Resources (DNR) by about \$17,000 in FY 2027-28 only, and for the state share of school finance by an estimated \$2.8 million beginning in FY 2029-30. Costs are shown in Table 3 and discussed below.

**Table 3
 State Expenditures
 All Departments**

Department	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29	Out Year FY 2029-30
Revenue (DRIVES CF)	\$0	\$12,549	\$0	\$0
Natural Resources (Outdoor Recreation CF)	\$0	\$4,160	\$0	\$0
State Share of School Finance (various funds)	\$0	\$0	\$0	\$2,761,629
Total Costs	\$0	\$16,709	\$0	\$2,761,629

Department of Revenue

In FY 2027-28 only, the bill increases state expenditures from the DRIVES Cash Fund in the DOR by \$12,549 to conduct DRIVES programming to allow the disabled veteran exemption to certain license plates. Programming costs assume 32 hours at a rate of \$260 per hour for a total cost of \$8,320. Testing and development support is estimated to require 61 hours at between \$41 per hour for a total cost of \$2,501. Office of Information Technology (OIT) support requirements are estimated at 16 hours at a rate of \$108 per hour for a total cost of \$1,728.

Department of Natural Resources — Colorado Parks and Wildlife

In FY 2027-28 only, the bill increases state expenditures from the Outdoor Recreation Cash Fund in Colorado Parks and Wildlife by \$4,160 to fund DRIVES programming to exempt disabled veteran plates from the Keep Colorado Wild Pass fee. These programming costs assume 16 hours at a rate of \$260 per hour.

School Finance

Specific ownership taxes (SOT) distributed to school districts make up a portion of the school district’s local share of school finance funding. By reducing the number of vehicle owners paying the SOT, the bill increases the state share of school finance funding to make up for the decrease in local funding. The increase in the state share is estimated at \$2.8 million in FY 2029-30. The fiscal note assumes that the increase in the state share of funding will be handled through the school finance midyear adjustment for FY 2029-30. The state share is paid from a combination of the General Fund, State Education Fund, and State Public School Fund.

TABOR Refunds

The bill may decrease the amount of state revenue required to be refunded in future years; however, a forecast of state revenue subject to TABOR is not available beyond FY 2027-28. Because TABOR refunds are paid from the General Fund, decreased cash fund revenue will increase the amount of General Fund available to spend or save in FY 2028-29 and any future years when the state is over its revenue limit.

Local Government

The bill decreases local government revenue by about \$7.7 million beginning in FY 2028-29, as shown in Table 4 and discussed below.

Table 4
Local Government Revenue

Local Taxes & Fees	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29	Out Year FY 2029-30
Specific Ownership Tax	\$0	\$0	-\$7,603,108	-\$7,603,108
Other Fees	\$0	\$0	-\$100,107	-\$100,107
Total Revenue Impact	\$0	\$0	-\$7,703,215	-\$7,703,215

Specific Ownership Tax

As discussed in the State Expenditures section above, the bill reduces the number of vehicle owners paying an annual SOT. To calculate the revenue impact to local governments, the fiscal note assumes the current average annual SOT of about \$379 per vehicle owner. The actual SOT is calculated based on a vehicle's value and age. SOT revenue is distributed to counties, cities, school districts, and special districts based on the proportion of the property taxes levied in the prior year.

Other Fees

Qualified vehicle owners will also be exempt from paying the \$4.00 Clerk Hire Fee or the \$0.94 County Road and Bridge Fee.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State and Local Government Contacts

Counties

Military Affairs

County Clerks

Natural Resources

Local Affairs

Revenue