

Colorado Legislative Council Staff Fiscal Note
STATE and LOCAL
CONDITIONAL FISCAL IMPACT

Drafting Number: LLS 08-1028
Prime Sponsor(s): Sen. McElhany
 Rep. May M.

Date: April 8, 2008
Bill Status: Senate Appropriations
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TITLE: CONCERNING AUTHORIZATION FOR THE BOARD OF THE COLORADO TOLLING ENTERPRISE TO DESIGNATE A PORTION OF INTERSTATE 70 AS A TOLL HIGHWAY.

Fiscal Impact Summary	FY 2008-2009	FY 2009-2010
State Revenue		
Cash Funds		
Statewide Tolling Enterprise Special Revenue Account	\$0	\$33.0 m to \$60.0 m
State Expenditures		
Cash Funds		
Statewide Tolling Enterprise Special Revenue Account*	\$4,832,487	\$3,716,861
FTE Position Change	1.6 FTE	8.0 FTE
Effective Date: August 6, 2008, unless a referendum petition is filed.		
Appropriation Summary for FY 2008-2009: See State Appropriations section.		
Local Government Impact: See Local Government Impact section.		

* Initial costs in FY 2008-09 are paid from the State Highway Fund, then repaid from tolling revenue once collected in FY 2009-10.

Summary of Legislation

The bill, *as amended by the Senate Transportation Committee*, authorizes the Colorado Tolling Enterprise (CTE) board to designate all or any portion of existing or new lanes of the Interstate 70 corridor, between Floyd Hill and the Eisenhower-Johnson Memorial Tunnel, as a tollway to alleviate traffic congestion. The CTE may designate this tollway as long as federal law does not prohibit it and no federal funds are lost due to the designation. The bill includes the following provisions:

- expands the definition of toll highways to include the conversion of previously existing highway lanes that were not tolled;
- requires CTE to spend two-thirds of the toll revenue to expand I-70 capacity between Floyd Hill and the Eisenhower Tunnel, and one-third on ongoing operations and maintenance;
- prohibits the CTE from spending any of this toll revenue until the Federal Highway Administration approves a corridor plan;

- requires the CTE, the Colorado Transportation Commission, and the Colorado Department of Transportation (CDOT) to seek waivers of federal laws where necessary to allow the tollway;
- requires the CTE to set tolls subject to certain limitations, including a maximum \$5 toll, and allows the CTE to adjust any toll imposed;
- exempts vehicles from tolls, under certain conditions, that are registered to persons or businesses in Clear Creek, Gilpin, or Summit Counties; and
- requires the I-70 toll revenue to be credited to a special account within the existing Statewide Tolling Enterprise Special Revenue Fund.

The Senate Transportation Committee amended the bill to specify that toll revenue generated in the I-70 corridor shall supplement and not supplant moneys allocated to the corridor through statute or other designations.

Background

Federal law. Information from the Federal Highway Administration indicates that tolling can be conducted on interstate highways under certain circumstances. The CDOT and the federal government would have to analyze the bill's provisions to determine the extent to which it would be allowed and how the program could progress.

High-occupancy toll (HOT) lanes. HOT lanes are high occupancy vehicle lanes that can be used by single-occupant vehicles if the driver pays a toll. The only HOT lanes that currently exist in Colorado are on I-25 in Denver. These lanes are under the jurisdiction of the CTE which contracts with the E-470 Public Highway Authority to operate the lanes. Tolls are collected through an electronic collection system and rates fluctuate throughout the day to regulate traffic congestion, with a higher toll charged during peak travel times. HOT lane use is monitored by law enforcement using license plate photo technology.

State Revenue

The bill would have a conditional fiscal impact from increased toll revenues, providing the tollway is designated and permitted under federal law. It allows the CTE to establish a toll rate, with a maximum toll of \$5. **Toll revenue will likely range from \$33 million to \$60 million, collected annually beginning in FY 2009-10. A revenue range is provided because toll rates may vary.** For 2007, the average traffic count was approximately 13.3 million. Allowing for an 8 percent traffic reduction for local traffic, there are an estimated 12.3 million annual vehicles trips that could be tolled. Since the tolling component of the program is not expected to be in place until July 2009, revenue is not expected until FY 2009-10. If and when federal approval is given for the tollway, these revenues will likely be used to leverage the issuance of bonds.

All toll revenue is to be deposited into the special account within the existing Statewide Tolling Enterprise Special Revenue Fund. Up to two-thirds of the toll revenue (\$22.0 to \$40.0 million) is to be used to expand the highway capacity; up to one-third of the revenue (\$11.0 to \$20.0 million) is to pay for administration, planning, financing, design, construction, operation, maintenance, and repair work of the tollway.

State Expenditures

State expenditures are *conditional* based upon whether or not the CTE designates I-70 as a tollway. **At a minimum, it is estimated to cost \$4.8 million and 1.6 FTE in FY 2008-09 and \$3.7 million and 8.0 FTE in FY 2009-10.** Costs would be incurred to expand capacity along I-70, but the bill prohibits spending of toll revenue for capacity expansion until the Federal Highway Administration has approved a preferred alternative for the corridor.

Colorado Department of Transportation. Expenditures are estimated at \$4,832,487 and 1.6 FTE in FY 2008-09 and \$3,716,861 and 8.0 FTE in FY 2009-10 to establish the tollway. The bill requires the construction of tolling gantries which allow at-speed toll collection and additional signage to allow for automatic tolling with transponders. Costs will fluctuate based upon what is allowed under federal law, the construction cost index, and the degree of construction required. It will be at least one year before toll revenue is collected. Thus, it is assumed that CTE's initial expenses are paid from the State Highway Fund, then repaid the following year from toll revenue. Moneys from both the State Highway Fund and the Statewide Tolling Enterprise Special Revenue Fund are continuously appropriated.

The largest components of the estimated costs are the: 1) signs; 2) construction of tolling gantries; and 3) data connections to E-470. The potential impact for the department follow in Table 2, excluding capacity expansion costs.

Table 2. Expenditures for the Department of Transportation Under SB08-213 (in millions)		
Cost Components	FY 2008-09	FY 2009-10
E-470 Transaction Fees (Ongoing expense)	\$0	\$3,200,000
Signage (Powered variable message lane use)	\$1,800,000	\$0
Tolling Gantries (Transponder readers, photo radar for violations)	\$1,500,000	\$0
Additional Fiber to E-470 (Connection of toll collection function)	\$1,000,000	\$0
Tolling Office Construction	\$300,000	\$0
Monthly E-470 Management Fee	\$0	\$102,000
Personal Services (Engineering, Maintenance, Support)	\$121,597	\$389,861
Toll Informational Program (public awareness)	\$100,000	\$25,000
Rulemaking	\$10,890	\$0
FTE	1.6	8.0
TOTAL	\$4,832,487	\$3,716,861

Additional costs — The CDOT would incur additional costs of a traffic and revenue study, and technology to track and account for vehicles registered in Gilpin, Clear Creek, and Summit Counties. These costs have not been quantified.

Department of Public Safety. The bill has the potential for requiring the department to conduct additional enforcement on this portion of I-70 related to toll violations. However, these costs cannot be quantified without knowing the final design of the program. It is assumed that if greater activity is required by the State Patrol, the department will seek resources through the annual budget process.

Local Government Impact

Local governments along the I-70 may need to enter into agreements with the state for specific services. These impacts cannot be quantified at this time.

State Appropriations

For FY 2008-09, no new appropriations are required.

Departments Contacted

Law

Public Safety

Revenue

Transportation