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TRANSPORTATION PLANNING AND FUNDING IN COLORADO

by Greg Sobetski and Erin Reynolds

This *issue brief* examines the entities and revenue sources used to administer and finance Colorado's transportation system.

Transportation Planning

State law outlines the state transportation planning process by establishing and determining the roles and responsibilities of the Colorado Department of Transportation (CDOT) and the Transportation Commission.

CDOT. CDOT's responsibilities include the construction and maintenance of the state's highway system, which totals over 23,000 lane miles and includes 3,437 bridges. CDOT also coordinates the integration of different modes of transportation — including automotive, aviation, transit, and rail — with local governments. State law requires CDOT, in cooperation with 15 local transportation planning regions, to produce a 20-year plan, updated every five years. Federal law requires a Statewide Transportation Improvement Program (STIP) that identifies short-term project needs and priorities; CDOT has chosen to publish a six-year STIP, updated every four years.

State Transportation Commission. The 11-member Transportation Commission sets budgetary priorities for and gives policy direction to CDOT. Members represent the 11 transportation districts, are appointed by the Governor, and confirmed by the Senate. The commission has the authority to change CDOT's short-term and long-term priorities, thus shifting funding among projects and regions within the state, but it does not have the authority to raise funds.

Transportation Funding

State and local governments maintain Colorado's transportation system with federal, state, and local government funding. The state constitution requires that all vehicle registrations, fees, and fines, and any motor fuel taxes be used for the construction, maintenance, and supervision of the state's highways. Further, any taxes charged on aviation fuel must be used exclusively for aviation purposes. Under these constitutional parameters, the General Assembly may determine the sources of transportation revenue and the distribution of this revenue for statewide and local programs.

Highway Users Tax Fund. The Highway Users Tax Fund (HUTF) is the primary source of highway funds in Colorado. Revenue from the HUTF comes from motor fuel taxes, registration fees, and other miscellaneous sources, including driver's license fees, court fines, and interest earnings. HUTF funds are allocated to CDOT, counties, and municipalities based on statutory formulas.

State Highway Fund. The State Highway Fund (SHF) is administered by CDOT and is primarily used for the maintenance of the state's highway system. The state's share of HUTF distributions and federal funds are deposited in the SHF, which also generates its own revenue, primarily from interest earnings on the fund balance and local government matching funds to federal transportation funding programs.

Other sources of transportation revenue. Smaller sources of transportation revenue include the aviation fuel tax, highway safety-related fees

and fines, vehicle rental fees, and other registration fees.

General Fund. The General Assembly has used various mechanisms to provide General Fund revenue for transportation, including direct General Fund appropriations to CDOT and transfers from the Capital Construction Fund (CCF) to finance transportation projects.

Another such mechanism, Senate Bill 09-228, establishes a five-year block of transfers to the HUTF and the CCF if Colorado personal income grows 5.0 percent or more during a calendar year. Once triggered, 2.0 percent or more of General Fund revenue is transferred to the HUTF each year for five years, with stipulations on how it is spent. For information on the statutory transfers to fund transportation and capital construction, please refer to Issue Brief 14-19.

Federal funds. Congress authorizes federal funds for state and local governments through multi-year transportation funding acts. The most recent authorization, the Moving Ahead for Progress in the 21st Century Act (MAP-21), was signed into law in July 2012. Federal funds are distributed to states from the federal Highway Trust Fund (HTF), which collects motor fuel taxes and truck-related taxes (truck and trailer sales, truck tires, and heavy vehicle use). HTF disbursements are paid to states based on formulas in federal law.

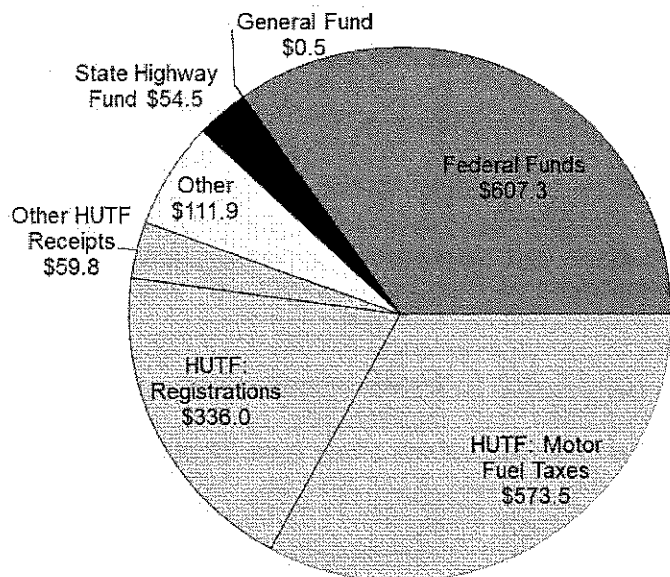
Enterprises. The state constitution defines an enterprise as a government-owned business that has authority to issue revenue bonds and receives less than 10 percent of its revenue from state and local government sources. Revenue to enterprises is exempt from the state's constitutional spending limit (TABOR). Two enterprises currently operate under CDOT:

- the *Statewide Bridge Enterprise* is authorized to impose a bridge safety surcharge to defray construction costs for designated bridges in the state; and
- the *High-Performance Transportation Enterprise* is funded primarily by I-25 express lane tolls and fine revenue and tasked with

pursuing innovative means of transportation finance, including public-private partnerships, concession agreements, and fee-based projects.

Breakdown of state transportation funding by source. In FY 2013-14, the state generated \$1.7 billion in transportation funding, illustrated in Figure 1 below.

Figure 1. State Transportation Funding FY 2013-14 (in millions)



Source: Legislative Council Staff

Local governments. In addition to state-funded projects, local governments — including Colorado's cities, counties, special districts, and authorities — provide funding independently for the construction, operation, and maintenance of roads and transit within their borders. In addition to the HUTF distribution, funding for these projects comes from a number of different sources, including:

- ridership fares, fines, and user tolls;
- private and nonprofit partnerships;
- dedicated sales and use tax revenue;
- dedicated lodging tax revenue;
- local government general fund revenue; and
- federal funds, including matching funds.