

  
 Colorado *Legislative Council Staff Fiscal Note*  
**FINAL**  
**FISCAL NOTE**

**Drafting Number:** LLS 09-0497

**Date:** August 19, 2009

**Prime Sponsor(s):** Sen. Gibbs  
Rep. Rice

**Bill Status:** Signed into Law

**Fiscal Analyst:** Chris Ward (303-866-5834)

**TITLE:** CONCERNING THE IMPROVEMENT OF THE TRANSPORTATION SYSTEM OF THE STATE, AND, IN CONNECTION THEREWITH, PROVIDING ADDITIONAL SOURCES OF FUNDING FOR TRANSPORTATION AND MODIFYING THE TRANSPORTATION PLANNING PROCESS.

Fiscal Impact Summary	FY 2009-2010	FY 2010-2011	FY 2011-2012
<b>State Revenue</b>			
Cash Funds			
Multiple Sources - Fees, Fines, & Surcharges	\$200 million	\$225 million	\$250 million
<b>State Expenditures</b>			
General Fund*			
\$48,288	\$48,288		
Cash Funds			
Highway Users Tax Fund	\$150 million	\$150 million	\$150 million
Bridge Special Fund	50 million	75 million	100 million
State Highway Fund	75,000		
Highway Users Tax Fund/CSTAR Account*	54,082		
<b>FTE Position Change</b>	0.5 FTE	0.0 FTE	0.0 FTE
<b>Effective Date:</b> Signed into law by the Governor and took effect March 2, 2009; most new fees took effect July 1, 2009; and Section 43-4-811 took effect on May 20, 2009, along with SB 09-094.			
<b>Appropriation Summary for FY 2009-2010:</b> None required.			
<b>Local Government Impact:</b> Increased HUTF allocations to counties and municipalities			

\* No separate appropriation of these moneys is required because the annual Long Bill includes funding for computer programming costs in the Department of Revenue required by a bill.

**Summary of Legislation**

This bill makes several changes to the financing and administration of transportation improvements. It also creates several new functional units within the Colorado Department of Transportation (CDOT), some of which are established as government-owned business enterprises with the authority to issue revenue bonds. Specifically, the bill:

- increases fees, fines, and surcharges to provide an estimated \$250 million in new annual funding for statewide transportation improvements;
- creates the Statewide Bridge Enterprise with the authority to finance, repair and maintain certain designated bridges in the state highway system, and to impose a bridge safety surcharge to repay bonds;

- allows the state, at the discretion of the Governor, to loan money to the bridge enterprise and to finance such loans through lease-purchase agreements involving state buildings or other state capital facilities;
- creates the High-Performance Transportation Enterprise to enter into public-private partnerships and assess user fees on existing highways to repay bonds issued for transportation infrastructure projects;
- allows local planning organizations affected by a transportation infrastructure project to participate in the planning of the project;
- requires that CDOT spend at least \$10 million from its allocation of new revenue on transit-related projects that enhance the safety of state highways for transit users;
- with the enactment of SB 09-094, allocates \$5 million to a new rail and transit division at CDOT from new revenue that would have otherwise been allocated to counties and municipalities;
- repeals the existing sales tax rate cap for the Regional Transportation District (RTD) and allows the RTD board to seek voter approval for any rate;
- requires CDOT to report annually on the goals of repairing deficient highways and bridges, sustaining existing transportation system performance levels, and achieving transportation corridor visions, and to provide other information regarding the goals.
- requires CDOT to create a standing efficiency and accountability committee charged with seeking ways to maximize the efficiency of the department.

NOTE: Portions of SB 09-108 were repealed by HB 09-1318 before taking effect.

### **State Revenue**

The bill is expected to increase state revenue by **at least \$200 million per year beginning in FY 2009-10**. By FY 2011-12, when fully phased-in, the bill is expected to generate \$250 million per year. This estimate includes revenue from fees, fines, and surcharges assessed at the time a vehicle is registered; it does not include revenue from any user fees or tolls that might be assessed in the future on existing highways. Table 1 outlines the estimated new revenue from fees, consistent with Section 2-2-322, C.R.S., which requires legislative service agency review of measures which create or increase any fee collected by a state agency.

<b>Table 1. Estimated FY 2009-10 Revenue from Fees and Surcharges Under SB 09-108</b>					
<b>Type of Fee</b>	<b>Current Fee</b>	<b>New Fee</b>	<b>Fee Change</b>	<b>Number Affected</b>	<b>Total Fee Impact</b>
Road Safety Surcharge *	\$0.00	\$23.04	\$23.04	5,506,133	\$126,850,456
Bridge Safety Surcharge *	\$0.00	\$9.10	\$9.10	5,506,133	\$50,171,541
Daily Fee on Rental Cars **	\$0.00	\$2.00	\$2.00	12,138,750	\$24,277,500
Late Registration Fee ***	\$10.00	\$25.00	\$15.00	n/a	n/a
<b>TOTAL</b>					<b>\$201,299,497</b>

\* For road and bridge safety surcharges, the new fee represents an average for all vehicles in FY 2009-10; actual fees are based on a vehicle's weight. Bridge safety surcharges will increase in both FY 2010-11 and FY 2011-12.

\*\* Assumes 62,250 vehicles rented for 195 days each.

\*\*\* The current fee can be waived; the new fee must be charged for each month that a registration is late, up to a maximum fee of \$100. After an initial period, collections from late registration fees are not expected to be significant.

The bill phases in the bridge safety surcharge so that the fees are 50% of the total in FY 2009-10; 75% in FY 2010-11; and 100% in FY 2011-12. In addition, certain exemptions and conditions are applied to both the road and bridge safety surcharges. For example, the surcharges do not apply to vehicles that are subject to the daily rental fee or to antique vehicles registered as horseless carriages. Owners of farm vehicles are required to pay only half of the amount charged for other vehicles. And, owners of collector vehicles are required to pay only one annual charge for each 5-year registration period.

In addition to the fees and surcharges shown in Table 1, the bill allows the High-Performance Transportation Enterprise to impose user fees, or tolls, on existing highways. Any amount of state revenue that might be raised through these charges is unknown at this time.

**Allocation of Revenue.** Of the revenue identified in Table 1, about \$150 million will be credited to the Highway Users Tax Fund (HUTF) and distributed to the state, counties, and municipalities. This includes an estimated \$125.9 million from the road safety surcharge and an estimated \$24.3 million from daily rental car fees, as well as any collections from late registration fees. Revenue from the bridge safety surcharge (\$50 million in FY 2009-10) will be credited to the newly-created Bridge Special Fund and will be available for state highway bridges only. Because of the time lag in collecting and transferring registration fees, actual allocations in the first year of implementation may be less than the amounts shown here.

### **State Expenditures**

The bill will increase state expenditures by at least \$200 million in FY 2009-10 and by at least \$250 million per year thereafter, as described below.

**Department of Transportation.** The bill provides new funding for transportation improvements totaling at least **\$200 million in FY 2009-10**, \$225 million in FY 2010-11, and \$250 million per year thereafter. These moneys are credited to either the HUTF or the Bridge Special Fund and are continuously appropriated. To administer new functions, the bill establishes or requires the Transportation Commission to establish the following new entities:

- the Statewide Bridge Enterprise;
- the High-Performance Transportation Enterprise; and
- an efficiency and accountability committee.

CDOT must spend at least **\$10 million annually** in new revenue on transit-related projects that enhance the safety of state highways for transit users. The department will also need to reprogram its permitting systems to allocate the new revenue as required by the bill. These one-time costs are expected to total **\$75,000 in FY 2009-10** and would be paid from the State Highway Fund. Since the fund is continuously appropriated for highway construction, maintenance, and supervision purposes, no further appropriation is required.

CDOT is required to report by June 30, 2009, on certain goals related to the state transportation system and the costs of achieving those goals. An updated report is due by March 1 of each year beginning in 2010. Costs for this report will be absorbed within existing appropriations and allocations. The bill abolishes the Statewide Tolling Enterprise. Staff and financial support for these newly-created entities will require reassignment of existing personnel, but will not require additional appropriations.

This fiscal note excludes costs that would have occurred under SB 09-108, but that were avoided by the enactment of HB 09-1318. These include costs for changing CDOT's permitting system, updating manuals, and changing signage.

**Department of Revenue.** Implementing new fees, fines, and surcharges will require computer programming changes to several systems administered by the Department of Revenue. In total, these changes are expected to cost **\$102,370** for 2,650 hours of work. Of this amount, \$48,288 will be paid from the General Fund and \$54,082 will be paid from the Colorado State Titling and Registration Account of the HUTF. Computer programming costs are paid at a rate of \$38.63 per hour. Since the department has traditionally received moneys in the Long Bill to cover the cost of computer programming required to implement new legislation, no further appropriation is required.

**Department of Personnel and Administration.** The State Controller must approve all lease purchase agreements and certain waivers related to lease purchase agreements and the issuance of certificates of participation. Based on similar requirements in the past, these requirements are expected to cost **\$42,346**, including personal services and operating costs for 0.5 FTE. These or similar costs would be incurred each time certificates of participation are issued or a waiver is sought. It is unclear whether such costs would be incurred in FY 2009-10, but if not, they would likely be incurred in FY 2010-11. Because this work is related to projects of the bridge enterprise, it is assumed that these costs would be paid from the Bridge Special Fund through a separate

appropriation from the fund to the Department of Personnel and Administration. If not, the costs would be paid from the General Fund.

**Local Government Impact**

*Counties and Municipalities.* The bill will increase HUTF allocations to counties and municipalities. Counties are expected to receive \$30.8 million per year and municipalities are expected to receive \$25.2 million per year. These are net figures that include the requirement to move \$5 million in new money that would otherwise be allocated to counties and municipalities through the HUTF and allocate it instead to the CDOT for a new transit and rail division, pursuant to SB 09-094. Both counties and municipalities are eligible for transit-related grants from CDOT.

*Regional Transportation District.* Under current law, the Regional Transportation District (RTD) may impose a sales and use tax within the Denver metropolitan area of up to one percent (10 cents on each \$10 of taxable sales). This bill eliminates the cap and instead allows RTD to request voter approval for any rate approved by the RTD board. Any increase in the rate would still be subject to voter approval. In 2008, RTD generated \$412 million in sales and use tax revenue.

**State Appropriations**

For FY 2009-10, this fiscal note implies that the Department of Personnel and Administration should be appropriated \$42,346 from the Bridge Special Fund and 0.5 FTE, but only if the Bridge Enterprise elects to issue certificates of participation in FY 2009-10.

**Departments Contacted**

Judicial	Personnel and Administration	Revenue
Transportation	Treasury	