



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

**Drafting Number:** LLS 10-0123

**Date:** January 13, 2010

**Prime Sponsor(s):** Rep. Vaad

**Bill Status:** House Transportation and Energy

**Fiscal Analyst:** Kurtis Morrison (303-866-3140)

**TITLE:** CONCERNING DEVOLUTION OF STATE HIGHWAYS THAT ARE COMMUTER HIGHWAYS TO LOCAL GOVERNMENTS.

<b>Fiscal Impact Summary</b>	<b>FY 2010-2011</b>	<b>FY 2011-2012</b>
<b>State Revenue</b>		
<b>State Expenditures</b>		
Cash Funds		
State Highway Fund	\$61,600	(up to \$70.0 million)
Federal Funds	*Decrease	*Decrease
<b>FTE Position Change</b> (decrease)	0.0 FTE	(220.0 FTE)
<b>Effective Date:</b> August 11, 2010, assuming the General Assembly adjourns May 12, 2010, as scheduled and no referendum petition is filed.		
<b>Appropriation Summary for FY 2010-2011:</b> None required.		
<b>Local Government Impact:</b> See Local Government Impact section.		

\* See State Expenditures section.

**Summary of Legislation**

This bill requires the Colorado Department of Transportation (CDOT) to determine which portions of the state highway system are used as commuter highways within a metropolitan area. The determination must be made by March 1, 2011, and reported to the Colorado Transportation Commission by April 1, 2011. The Transportation Commission is required to remove all commuter highway segments from the state system, so that such segments thereafter become either a county or municipal highway. The bill defines a "commuter highway" as any portion of the state highway system that is: located within the boundaries of a metropolitan planning organization (MPO); not an interstate highway; and used at least 80 percent for travel originating and terminating within an MPO.

For a state highway undergoing construction or maintenance in which project work began before July 1, 2011, such work is to continue even if the segment is determined to be a commuter highway and is devolved to a municipal government.

**Background.** CDOT currently maintains 5,291 lane miles of state and federal highways within the boundaries of five MPOs: the Denver Regional Council of Governments, the Pikes Peak Area Council of Governments, the Pueblo Area Council of Governments, the North Front Range Metropolitan Planning Organization, and the Grand Valley Metropolitan Planning Organization. According to CDOT, a combined total of 17.1 billion vehicle miles were traveled on these highways in 2008. The share of these lane miles that would be considered commuter highways under the bill is unknown.

### **State Expenditures**

The bill increases state expenditures by \$61,600 in FY 2010-11 and may reduce state expenditures by up to \$70.0 million per year thereafter. It may also affect federal funding.

**State Highway Funding.** In FY 2010-11, the CDOT will incur an estimated \$61,600 in costs to determine which state highway segments are commuter highways. This estimate assumes \$56,000 in contract costs (560 hours paid at a rate of \$100 per hour) to analyze data currently collected by MPOs. It also assumes the department will incur about \$5,600 in related costs (10% of the contractor's costs) to oversee the analysis. Costs would be paid from the State Highway Fund, which is continuously appropriated to CDOT.

Assuming a removal of 3,931 *non-interstate highway* lane miles from the state highway system, the bill would reduce CDOT highway maintenance costs by an estimated \$70.0 million per year (\$17,800 in annual highway maintenance costs per lane mile). The bill will also result in reduced need for 220.0 FTE in road maintenance staff.

**Federal Highway Funding.** Devolving certain state highways to local governments will affect federal transportation funds allocated to the state. Under current federal law, highway funding allocations are distributed largely on total state and federal highway miles, as well as vehicle miles traveled. Although exact figures are unknown due to the upcoming reauthorization of federal transportation law, it is estimated that federal funding could be reduced by as much as \$50.1 million. However, federal distributions also include "equity" distributions to ensure that at least 92 percent of the federal fuel tax revenues generated within a state are returned to that state. Since Colorado's allocation already includes equity distributions, it is possible that these distributions might increase to make up for any reduction caused by abandoning parts of the state highway system to local governments.

### **Local Government Impact**

The bill shifts an estimated \$70.0 million in annual road maintenance costs to counties and municipalities. The total amount of Highway Users Tax Fund (HUTF) revenues distributed to local governments remains unchanged by the bill.

### **Departments Contacted**

Local Affairs

Transportation