



*Colorado Legislative Council Staff Fiscal Note*

**STATE and LOCAL  
CONDITIONAL FISCAL IMPACT**

**Drafting Number:** LLS 10-0670  
**Prime Sponsor(s):** Rep. McFadyen  
 Sen. Gibbs

**Date:** March 3, 2010  
**Bill Status:** House Transportation and Energy  
**Fiscal Analyst:** Harry Zeid (303-866-4753)

**TITLE:** CONCERNING THE POWERS OF A SPECIAL DISTRICT THAT PROVIDES TRANSPORTATION-RELATED SERVICES, AND, IN CONNECTION THEREWITH, AUTHORIZING A SPECIAL DISTRICT THAT PROVIDES SUCH SERVICES TO LEVY A VOTER-APPROVED SALES TAX AND TO JOIN A REGIONAL TRANSPORTATION AUTHORITY.

<b>Fiscal Impact Summary</b>	<b>FY 2010-2011</b>	<b>FY 2011-2012</b>
<b>State Revenue*</b>		
General Fund	\$25,892	
Cash Funds		
Highway Users Tax Fund	36,092	
<b>State Expenditures*</b>		
General Fund	\$25,892	
Cash Funds		
Highway Users Tax Fund	36,092	
<b>FTE Position Change</b>		
<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 the Local Government Impact section.		

\* *Administrative and computer programming costs of the Department of Revenue will be reimbursed by the metropolitan district that imposes a sales tax.*

**Summary of Legislation**

HB10-1243 authorizes a metropolitan district that provides transportation-related services to seek voter approval to levy a sales tax and use tax on purchases within the unincorporated portion of the district. Net revenue could be used to fund safety protection, street improvement, or transportation functions. The metropolitan district would pay all costs associated with the election, as well as the net incremental costs of the Department of Revenue necessary to administer and collect the sales tax. The bill also allows a metropolitan district to join a regional transportation authority.

Since the bill requires voter approval to impose the sales tax, the bill is assessed as having a state and local conditional fiscal impact.

## **Background**

Under current law, municipalities and counties may join together by intergovernmental agreement to form a regional transportation authority for the purpose of financing, constructing, operating, or maintaining regional transportation systems or facilities. Special districts are not authorized to be a member of an authority. This bill allows a metropolitan district to be a part of a regional transportation authority.

## **State Expenditures**

For each metropolitan district that receives voter approval to impose a sales tax, the bill will increase administrative costs for the Department of Revenue. Collecting a new sales and use tax on behalf of a metropolitan district is estimated to require a one-time cost of **\$61,984**. If voters approve a new tax to fund transportation-related services at the November 2010 general election, this expenditure will occur in FY 2010-11.

A General Fund expenditure of \$25,892 will be necessary to reprogram the sales and use tax system. This includes 660 hours of computer programming time at the rate of \$39.23 per hour for analysis and design, program coding and development, database design and modification, testing and validation, project management, and systems support. In addition, \$36,092 cash funds will be necessary from the Colorado State Titling and Registration System (CSTARS) account of the Highway Users Tax Fund to modify the motor vehicle registration system, which calculates sales and use taxes for vehicles. This function will require 920 hours for computer programming. The department is also responsible for printing and mailing an initial notice of the new tax to all affected business accounts within the district boundaries. It is assumed that all of these costs will be reimbursed by the district.

## **Local Government Impact**

Upon voter approval, the bill authorizes a metropolitan district to levy a sales and use tax to fund safety protection, street improvement, or transportation functions. Specific districts seeking authorization and the sales tax rate to be imposed are not identified in the bill. The bill requires the district to pay all costs of the election, plus the net incremental cost incurred by the Department of Revenue in the administration and collection of the sales tax.

## **State Appropriations**

Since fiscal impact is conditional upon approval of the sales tax increase by district voters, no appropriation is necessary at this time. However, the fiscal note implies that the Department of Revenue will have a one-time General Fund and cash funds expenditure of \$61,984 for each metropolitan district that obtains authorization to impose a sales tax. The expense will be recovered from the metropolitan district during the year in which the expenditure is incurred.

## **Departments Contacted**

Local Affairs

Revenue