

**STATE
FISCAL IMPACT**

Drafting Number: LLS 14-0796	Date: April 22, 2014
Prime Sponsor(s): Sen. Jones; King Rep. Moreno; Rankin	Bill Status: Senate Transportation
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SHORT TITLE: ALTERNATIVE FUEL VEHICLES & HIGH OCCUPANCY LANES

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
State Revenue		
State Expenditures	<u>at least \$123,760</u>	<u>at least \$312,000</u>
Cash Funds	at least \$123,000	at least \$312,000
Appropriation Required: None.		

** This summary shows changes from current law under the bill for each fiscal year. Parentheses indicate a decrease in funds.*

While all agencies were canvassed for this fiscal note, not all agencies responded with complete information. Therefore, this fiscal note should be considered preliminary. It will be revised if new information becomes available.

Summary of Legislation

Under current law, low-emission vehicles are permitted to use high occupancy vehicle (HOV) or high occupancy toll (HOT) lanes if they meet certain requirements and have been issued a sticker or decal by the Colorado Department of Transportation (CDOT). This bill prohibits a low-emission vehicle that does not meet the definition of alternative fuel vehicle pursuant to the bill from using HOV or HOT lanes, unless the vehicle was authorized or on a waiting list as of April 1, 2014. An application for a sticker, decal, or transponder must contain an affidavit in which the applicant attests that the vehicle is an alternative fuel vehicle.

In addition, the bill increases the number of low-emission vehicles authorized to use HOV or HOT lanes from 2,000 to 6,000 and authorizes eligible vehicles to use a transponder in lieu of a sticker or decal. The CDOT is authorized to increase the limit if new HOV or HOT lanes are added. Under the bill, the authorization for an alternative fuel vehicle to use HOV or HOT lanes expires after four years or when the vehicle changes ownership.

Background

Currently, the initial authorized limit of 2,000 HOV decals for low-emission vehicles is fully subscribed with an active waiting list. The annual sale of alternative fuel vehicles increased from 50,000 in 2003 to 500,000 in 2013. According to the CDOT, an average of 7 to 10 percent of the 2,000 authorized vehicles use I-25 HOT lanes and U.S.36 HOV/HOT lanes. Due to the increase in sales of alternative fuel vehicles since 2003, the fiscal note assumes that the proposed 6,000 vehicle limit will become fully subscribed over the course of a few years and remain so. Since

eligible vehicles can use the HOV/HOT lanes without paying a toll when use by a single occupant, the fiscal note assumes that primary use of the HOV/HOT lanes by eligible vehicles will be used by single occupants.

State Expenditures

Expanding the number of vehicles that may use HOV and HOT lanes without paying a toll will increase expenditures of the High-Performance Transportation Enterprise (HPTE) within the CDOT by at least \$123,760 in FY 2014-15 and at least \$312,000 per year thereafter. It may also require the modification of computer and other related systems. These costs assume that the HPTE will be required to reimburse the concessionaire operating certain toll roads under contract with the HPTE for the expected reduction in toll revenue.

Facts and assumptions. In October 2013, average revenue for HOV/HOT tolls was \$2.38 per transaction. With the increase in HOV decals under the bill, the incremental increase in daily use of vehicles of the lanes is estimated to be at least 200. As a result, the bill will decrease revenue from tolls by at least \$123,760 in FY 2014-15. In FY 2015-16, once Phase 1 of the U.S. 36 HOT lanes open in 2016 and longer trips create a higher toll for vehicles, the bill will decrease fee revenue by at least \$312,000. The average revenue per transaction is expected to increase to \$4.00 per transaction at an average daily use of at least 300 vehicles.

Funding. The expenditures described above are an obligation of the HPTE, but may require that the HPTE borrow from the State Highway Fund, which is continuously appropriated to the CDOT. If a loan is required, the HPTE would be required to reimburse the State Highway Fund for the full amount of the loan at a later date.

Effective Date

The bill takes effect October 1, 2014, if the General Assembly adjourns on May 7, 2014, as scheduled, and no referendum petition is filed.

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