

Possible Funding Sources for the North I-25 Corridor



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North Front Range
Metropolitan
Planning
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Why this booklet?

The quest for adequate funding for transportation corridors like North I-25 seems straightforward: government provides the money and the project gets built.

Reality is far more complicated. In a state like Colorado with a growing population, demand for mobility improvements, including highway capacity expansion projects, is high. The need is even more critical in Northern Colorado where the current population of 660,000 in the two-county region will exceed 1M by 2040.

Complicating the issue further are matters of policy and politics. Colorado's primary funding source for transportation, the gas tax, is not sustainable due to increases in vehicle fuel economy and declines in purchasing power. In addition, many new funding mechanisms require voter approval. Then there is the natural transition of elected leadership with today's experienced leaders regularly being replaced by new ones who may not be as knowledgeable about transportation and how it is funded.

In light of all that, there is a need for basic information about various options to fund transportation projects. That is the purpose of this booklet: to explain in non-technical terms various funding tools for transportation, how much money each would generate, provide references to more detailed information, and note whether action is needed to make each source viable for North I-25.

Disclaimer

This document is intended to catalog possible funding options for transportation. The intent is not to advocate for them.

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Cover Image Sources

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Total Annual Federal Funding Identified: \$41.5B

| Federal Funding Source | Existing Revenue | Existing Opportunity | Potential Source |
|--|------------------|----------------------|------------------|
| FAST Act - Colorado Share | \$573M | - | - |
| BUILD Grants - Nationwide | - | \$900M | - |
| INFRA Grants - Nationwide | - | \$1B | - |
| TIFIA Financing - Nationwide | - | \$300M | - |
| Increase Federal Fuel Tax - Colorado Share | - | - | \$726M |
| Road User Fee - Nationwide | - | - | \$38B |
| Total | \$573M | \$2,200M | \$38,726M |

FAST Act / Federal Transportation Bill

\$573M Annually

General

- The Fixing America’s Surface Transportation (FAST) Act was signed into law December 4, 2015
- \$300B, five year (FY2016 – FY2020) federal funding bill for highway, transit, highway safety, and rail

FY2020 Colorado-Specific Funding Amounts

- \$430M from the Surface Transportation Block Grant (STBG) and National Highway Performance Program (NHPP)
- \$44M from the Highway Safety Improvement Program (HSIP)
- \$20.3M from the National Highway Freight Program (NHFP)
- \$76M from remaining programs for environmental, railway crossings, trails, and other project types
- Total funding to Colorado is \$573M

Action Required

- The FAST ACT expires December 31, 2020. A new federal surface transportation funding bill or extension must be passed by the US Congress and approved by the President.

Sources

CDOT Final Budget Allocation Plan for Fiscal Year 2019-20, March 21, 2019, <https://www.codot.gov/business/budget/cdot-budget/current-budget-documents/fy-2019-20-budget-allocation-plan-narrative-budget-documents/fy-2019-20-proposed-narrative-budget>

Fixing America’s Surface Transportation Act or “FAST Act”, USDOT, <https://www.fhwa.dot.gov/fastact/summary.cfm>

BUILD Grants (formerly TIGER)

\$900M Annually

General

- The Better Utilizing Investments to Leverage Development (BUILD) Transportation Grants program provides federal grant funds to build and repair critical pieces of the freight and passenger transportation networks. BUILD replaced the Transportation Investment Generating Economic Recovery (TIGER) Discretionary Grants.

Funding

- The FY2018 BUILD awarded \$1.5B to 91 projects in 49 states, including \$20M to North I-25 Segment 6.
- The FY2019 BUILD grant will provide a total of \$900M to successful applications. The application deadline was July 15, 2019. The maximum grant award is \$25M and the maximum award to any state is \$90M.
- FY2020 BUILD appropriation will be announced in spring 2020.

Action Required

- Annual application process
- Awards selected by USDOT

Source

“Build Discretionary Grants”, USDOT, <https://www.transportation.gov/BUILDgrants>

INFRA Grants (formerly FASTLANE)

\$1.0B Annually

General

- The Infrastructure for Rebuilding America (INFRA) discretionary program replaced the Fostering Advancements in Shipping and Transportation for the Long-Term Achievement of National Efficiencies (FASTLANE) Program.
- INFRA, which is part of the five-year FAST Act, distributes funds to discretionary projects which improve or enhance highway freight infrastructure through a competitive grant. Eligible projects include:
 - Freight projects on the National Highway Freight Network
 - Highway or bridge projects on the National Highway System, including projects which add capacity on the Interstate System to improve mobility or projects in a national scenic area;
 - Railway-highway grade crossing or grade separation projects; or
 - A freight project that is 1) an intermodal or rail project, or 2) within the boundaries of a public or private freight rail, water (including ports), or intermodal facility.
- Eligible applicants include states, Metropolitan Planning Organizations (MPOs), local governments, tribal governments, special purpose districts and public authorities (including port authorities), and others.
- Large projects must be at least \$100M

Funding

- Minimum award of \$25M for large projects; maximum award of 60% of project cost.

Action Required

- Annual application process
- Awards selected by USDOT; Congress has a 60-day review period prior to award

Source

“Infrastructure for Rebuilding America”, USDOT, <https://www.transportation.gov/buildamerica/infragrants>

TIFIA Credit Program

\$300M Annually

General

- The Transportation Infrastructure Finance and Innovation Act (TIFIA) provides credit assistance for qualified projects of regional and national significance.
- The program's goal is to leverage Federal funds by attracting substantial private and other non-Federal co-investment in critical improvements to the nation's surface transportation system.
- Three types of assistance: secured loan, loan guarantee and standby line of credit.
- If an application is approved, credit and business terms for the financing are negotiated and the loan agreement is drafted. The estimated timeframe for execution of a credit agreement, on terms acceptable to the Secretary of Transportation, is approximately 60 days from approval of the application.

Example

- On March 21, 2019, U.S. Transportation Secretary Elaine L. Chao announced that the Department of Transportation's Build America Bureau closed a TIFIA direct loan of up to \$46.94M to the Central Texas Regional Mobility Authority for construction of the Manor Expressway Phase III Project in the Austin area.

Funding

- \$50M minimum project cost.
- Credit assistance may not exceed 33% of eligible costs.
- \$300M authorized nationwide in FY2020.

Source

"TIFIA Credit Program Overview", USDOT, <https://www.transportation.gov/tifia/tifia-credit-program-overview>

Increase Federal Fuel Tax

\$726M Annually

General

- The federal excise tax was set at 18.4¢ per gallon for gasoline and 24.4¢ per gallon for diesel in 1993.
- In 2018 the U.S. Chamber of Commerce proposed increasing the federal fuel tax by 25¢ —five cents per year over five years. The proposal would raise \$394B nationwide over 10 years.
- In 2017 the American Trucking Associations (ATA) proposed increasing the federal fuel tax by 20¢ —five cents per year over four years—and indexing the tax to inflation. The proposal would raise \$340B nationwide over 10 years.

Funding

- Fuel sales in Colorado in FY2017 generated \$569M in federal fuel taxes.
- Raising the federal fuel tax by 25¢ to 43.4¢ for gasoline and 49.4¢ for diesel would generate an additional \$726M per year from sales in Colorado. Raising the federal fuel tax by 20¢ would generate an additional \$581M.

Action Required

- Requires approval from Congress and a signature from the President

Sources

"Here's What You Need to Know about the Gas Tax", U.S. Chamber of Commerce, <https://www.uschamber.com/series/above-the-fold/here-s-what-you-need-know-about-the-gas-tax>

"Trucking Executive Urges Congress to Hike, Index Fuel Prices for Transportation Projects", AASHTO Journal, <https://news.transportation.org/Pages/122217ATAProposesTaxHike.aspx>

Road User Fee

\$38.05B Annually

General

- A road user fee, also known as a vehicle miles traveled (VMT) Fee or road usage charge (RUC), treats roads like utilities (pay for what you use) by charging a fee per mile traveled.
- A road user fee could replace the federal fuel tax or supplement the fuel tax.

Funding

- According to an AASHTO estimate, a nationwide road user fee of 1¢ per mile for light duty vehicles and 4¢ per mile for trucks would raise \$38.05B per year.

Action Required

- Requires approval from Congress and a signature from the President

Sources

“A Policymaker’s Guide to Road User Charges”, Information Technology & Innovation Foundation, <https://itif.org/publications/2019/04/22/policymakers-guide-road-user-charges>

“Matrix of Illustrative Surface Transportation Revenue Options”, AASHTO, <https://downloads.transportation.org/TranspoRevenueMatrix2014.pdf>

Total Annual State Funding Identified: \$14.7B

| State Funding Source | Existing Revenue* | Existing Opportunity | Potential Source |
|--|-------------------|----------------------|------------------|
| SB 17-267 | \$470M | - | - |
| SB 18-001 and TRANs Bond | \$150M | - | \$837M |
| SB 19-262 | \$100M | - | - |
| TABOR Revision or Repeal | - | - | N/A |
| Divert Severance Tax | - | \$34.3M | - |
| General Fund Appropriation | - | \$12.2B | - |
| Increase State Sales Tax | - | - | \$280M |
| Increase Plug-In Electric Vehicle Fees | - | - | \$2.1M |
| Increase State Fuel Taxes | - | - | \$145M |
| Fuel Consumption Fee | - | - | \$145M |
| Increase the Vehicle Rental Fee | - | - | \$18.5M |
| Increase Taxes on Alternate Fuels | - | - | \$65M |
| Lodging Tax | - | - | \$50M |
| Reduce HUTF Revenue to Other Uses | - | \$127.8M | - |
| Replace Fuel Tax with Road Usage Charge | - | - | \$170.9M |
| Total Identified Statewide | \$720M | \$12,362M | \$1,714M |

*Not all sources of existing state revenue are identified.

SB 17-267

\$1.88B over Four Years

General

- The Colorado General Assembly enacted SB 267 in 2017 authorizing lease-purchase agreements on state-owned facilities, totaling \$2B to be issued in equal amounts over four years beginning in FY19.
- \$1.88B is dedicated to the state's portion of the HUTF for use on state highways.
- CDOT is responsible for \$50M in lease payments each year with the remainder (up to \$100M) paid by the State General Fund or another source.

Funding

- Of the \$2B, CDOT receives \$1.88B over four years with at least 10% dedicated to transit.
- To date, I-25 Segments 7 & 8 (SH402 to SH14) have received \$12M in SB267 funding and I-25 Segments 5 & 6 (SH66 to SH402) have received \$75.2M in SB267 funding. An additional \$310M, likely SB267 funds, has been committed by the Transportation Commission for Segments 7 & 8.

Sources

"SB 267 Question and Answer", CDOT, https://leg.colorado.gov/sites/default/files/cdot_qa_on_sb17-267s_effects_on_transportation_funding.pdf

"Senate Bill 17-267, Concerning the Sustainability of Rural Colorado", Colorado Legislative Council Staff Issue Brief, https://leg.colorado.gov/sites/default/files/summary_of_senate_bill_17-267_7062017.pdf

SB 18-001 and TRANs Bond

\$645M over Two Years & \$837M

General

- The Colorado General Assembly enacted SB 18-001 in 2018 allocating \$495M in FY2019 and \$150M in FY2020 from the General Fund for transportation.
- SB-001, as amended by SB19-263, requires a ballot measure in the 2020 general election to seek voter approval for issuing \$1.8B in bonds for transportation (TRANs bonds).
 - If approved, the ballot measure would repeal two tranches of lease-purchase agreements authorized by SB17-267 that would otherwise generate \$1B, for a net gain of \$837M.
 - If approved, \$92.5M would be transferred annually for 21 years from the General Fund to the State Highway Fund to repay the debt.
 - If the ballot measure fails, \$50M would be transferred annually for 21 years from the General Fund to the State Highway Fund.

Funding

- The FY2020 General Fund allocation of \$150M provides \$105M to the State Highway Fund, \$22.5M to the HUTF, and \$22.5M to the multimodal transportation options fund.

Action Required

- Voter approval at the November 2020 election for the \$1.8B in TRANs bonds.

Sources

Senate Bill 18-001, Concerning Transportation Infrastructure Funding, Legislative Council Staff Issue Brief, https://leg.colorado.gov/sites/default/files/senate_bill_18-001_concerning_transportation_finance_9242018.pdf

SB19-263, Colorado General Assembly, <https://leg.colorado.gov/bills/sb19-263>

SB 19-262

\$100M in FY2020

General

- In 2019 the Colorado General Assembly enacted SB 262 which transferred \$100M from the General Fund to the Highway Users Tax Fund (HUTF) in FY2020.

Funding

- Of the \$100M, \$60M is allocated to the State Highway Fund, \$22M to counties, and \$18M to municipalities.

Source

SB19-262, Colorado General Assembly, <https://leg.colorado.gov/bills/sb19-262>

TABOR Revision or Repeal

No Estimate

General

- The Taxpayer's Bill of Rights (TABOR), approved by Colorado voters in 1992, limits the amount of revenue local and state governments can retain and spend based on the rate of inflation and population growth. TABOR also requires voter approval for new taxes and debt.
- The majority of local governments in Colorado (80% of counties and over 90% of cities) have received voter approval to "de-Bruce," meaning they are no longer subject to the TABOR revenue limit.
- In November 2019, Colorado Proposition CC was opposed by 54.7% of voters. The measure would have allowed the State to retain revenue in excess of the TABOR limit to fund K-12; higher education; and roads, bridges, and transit.
- Initiative 3, proposed by the Colorado Fiscal Institute, seeks to fully repeal TABOR. The initiative received approval in June 2019 to gather signatures. If the initiative receives enough signatures to appear on the 2020 ballot, 50% plus one voter approval is required to pass.

Funding

- A TABOR surplus has occurred in nine of the last 26 years with a range in value of \$16.2M to \$941.1M.
- The estimated TABOR surplus is \$149.2M in FY 2020-2021 and \$134.5M in FY 2021-2022 (based on the September 2019 economic forecast).
- Fully repealing TABOR would facilitate the passage of tax measures for transportation. Since 1992, the statewide electorate has rejected most tax-raising measures with the exception of taxes on marijuana, tobacco, and sports betting.

Action Required

- Requires legislative referendum or ballot measure and voter approval.

Sources

"Understanding the TABOR Amendment", Building a Better Colorado, <https://buildingabettercolorado.org/understanding-tabor/>

"Proposition CC: Critical Questions Answered," Common Sense Policy Roundtable, October 11, 2019, <https://www.common sensepolicyroundtable.org/proposition-cc/>

Economic & Revenue Forecast, Colorado Legislative Council Staff, September 2019, <http://leg.colorado.gov/sites/default/files/images/septforecast.pdf>

"Colorado Supreme Court rules TABOR repeal can go forward," Colorado Politics, June 17, 2019, https://www.coloradopolitics.com/news/colorado-supreme-court-rules-tabor-repeal-can-go-forward/article_c8a8d818-9121-11e9-b187-0787a370ea48.html

Divert Severance Tax

\$34.3M Annually

General

- Colorado imposes severance taxes on the production or extraction of metallic minerals, molybdenum, oil and gas, oil shale, and coal. In Colorado the first \$1.5M in severance taxes go to the Innovative Energy Fund, with remaining revenues split between the State (the Department of Natural Resources and a water project loan fund administered by the Colorado Water Conservation Board) and local governments (administered by the Department of Local Affairs).
- Severance taxes are highly volatile. In the last five years, annual revenue has fluctuated between \$10.3M and \$271.5M.

Funding

- The average severance tax revenue over the last five years is \$137M. A diversion of 25% to transportation would yield \$34.3M per year.

Action Required

- Legislative action

Examples

- In 2014 Texas voters approved Proposition 1, which diverts a portion of existing severance taxes to the State Highway Fund. An estimated 23% of severance tax revenues will be transferred to the State Highway Fund in FY2020.

Source

“Colorado severance tax collections expected to drop sharply, even though a bust is nowhere in sight”, Denver Post, August 19, 2019, <https://www.denverpost.com/2019/08/18/colorado-severance-tax-collections-drop/>

General Fund Appropriation

\$12.2B Annually

General

- The General Fund consists of general tax revenues, such as state sales and income tax revenues, that are not legally required to be credited to a specific fund.
- The Joint Budget Committee (JBC) of the General Assembly sponsors the annual appropriations bill (called the “Long Bill”) which identifies General Fund appropriations.
- In FY2019-2020, Colorado appropriated \$12.2B from the General Fund.
- About 92% of the funding went to five key areas: K-12 education, health care, higher education, corrections, and human services. The remaining 8% (\$984M) funded a variety of other programs, with no funding for transportation.
- The General Fund appropriations do not include Cash Fund transfers from the General Fund to the State Highway Fund.

Funding

- Up to \$12.2B per year if approved by the JBC and state legislature

Action Required

- Requires Joint Budget Committee (JBC) and legislative approval

Source

“Budget in Brief Fiscal Year 2019-20”, Joint Budget Committee, <https://leg.colorado.gov/sites/default/files/fy19-20bib.pdf>

Increase State Sales Tax

\$280M Annually

General

- The State sales tax of 2.9% generated \$2.46B in revenue in 2018.
- In November 2018, Proposition 110, a state sales tax increase of 0.62% for transportation, was opposed by nearly 60% of Colorado voters.

Funding

- Increasing the State sales tax by 0.50% results in an additional revenue of \$501M per year which could be dedicated to transportation.
- Tax revenues may increase or decrease over time depending on economic activity.

Action Required

- Requires legislative referendum or ballot measure and voter approval.

Source

“2018 Annual Report”, Colorado Department of Revenue, https://www.colorado.gov/pacific/sites/default/files/2018_Annual_Report.pdf

Increase Plug-in Electric Vehicle Fees

\$2.1M+ Annually

General

- Colorado began charging a \$50 fee for plug-in electric and hybrid vehicles in 2013. \$20 of the fee is allocated to the “electric vehicle fund.” The remaining \$30 is allocated to the HUTF.
- Despite causing wear and tear on the roads, electric vehicles contribute less to the HUTF than the average efficiency vehicle with a combustion engine which pays \$132 in state gas tax to Colorado per year.
- In 2019 the Colorado Air Quality Control Commission (AQCC) adopted the zero-emission vehicle (ZEV) standard, which requires automakers to ensure 5% of sellable inventory are ZEVs by 2023 and 6% by 2025.

Funding

- Raising the registration fee for plug-in electric and hybrid vehicles by \$120, as proposed in SB 20-094, would increase revenue by \$2.1M in 2020, assuming an electric vehicle population of 17,426. Revenue would increase with increased ZEV market penetration.

Action Required

- Legislative action

Examples

- At least eight states have passed annual registration fees/tax on electric and hybrid vehicles.
- The fee for electric vehicles ranges from \$100 (Wisconsin) to \$350 (Washington). Fees for hybrid vehicles are lower, generally \$50 (ND, IN) to \$150 (MA).

Source

“Vehicle Registration”, Colorado General Assembly, <https://leg.colorado.gov/content/vehicle-registration>

“SB 20-094 Fiscal Note”, Legislative Council Staff, https://leg.colorado.gov/sites/default/files/documents/2020A/bills/fn/2020a_sb094_00.pdf

Increase State Fuel Taxes

\$145M Annually

General

- The Colorado gas tax is 22¢ per gallon and has not been increased since 1991 despite increases in vehicle fuel economy and declines in purchasing power.
- Colorado currently receives approximately \$629.8M per year from state fuel tax revenues.
- Increasing the fuel tax between 1¢ and 10¢ per gallon results in an increase between \$29M and \$290M per year, respectively (represents a one-time increase).
- An index provision could be attached to keep up with inflation and grow revenue year over year.

Funding

- Polling has indicated possible support for a 5¢ per gallon increase of all fuel taxes, which would raise an additional \$145M per year

Action Required

- Requires legislative referendum or ballot initiative and approval by voters

Example

- 32 states have increased or revised their gas tax since 2010. Sometimes the increase is indexed to inflation or the CCI. One state tied it to population increases. The gas tax increase ranges from 3¢ per gallon (Arkansas) to 23¢ per gallon (New Jersey). The average increase is approximately 10¢ per gallon. Occasionally the increase was off-set by decreases in other taxes or fees.

Sources

“Motor Fuel Tax”, Colorado General Assembly, <http://leg.colorado.gov/agencies/legislative-council-staff/motor-fuel-tax%C2%A0>
“State Funding Initiatives”, Transportation Investment Advocacy Center, <https://transportationinvestment.org/wp-content/uploads/2019/08/20190607-State-Transportation-Funding-Legislation.pdf>

Fuel Consumption Fee

\$145M Annually

General

- Separate from the existing gas tax, a fuel consumption fee could be charged on gas purchases.

Funding

- A fee of 5¢ per gallon would generate an additional \$145M per year

Action Required

- Legislative action

Source

“Gas fee among ideas as Colorado lawmakers figure out how to pay for transportation”, The Denver Post, March 19, 2019, <https://www.denverpost.com/2019/03/19/colorado-transportation-money/>

Increase the Vehicle Rental Fee

\$18.5M Annually

General

- In Colorado, there is a \$2 per day fee on rental cars that was implemented as part of the FASTER legislation. CRS 43-4-804(1)(b)(I)

Funding

- Each dollar of rental car fee imposed would generate approximately \$18.5M in revenue per year

Action Required

- Legislative action

Example

- Maine increased short-term rental tax from 10% to 15% for multi-modal transportation.

Increase Taxes on Alternate Fuels

\$65M Annually

General

- In Colorado, tax rates for alternate fuels are lower than the 22¢ per gallon tax rate for gasoline.
- As of 2019, the alternate fuel tax rates include:
 - 12¢ per gallon for LNG;
 - 13.5¢ per gallon for LPG;
 - 18.3¢ per gallon equivalent for CNG; and
 - 22.5¢ per gallon for “special fuels”, which include diesel, kerosene, and ethanol blends of more than 10% ethanol.
- State legislation in 2013 created energy-content based fuel taxes for LP, LNC, and CNG and repealed the weight-based decal system (HB13-1110).
- The Federal special fuels tax is 24.4¢ per gallon on diesel fuel, and 18.3¢ per gallon on LP and CNG. Several federal tax credits are available.

Funding

- Raising the tax rates on alternate fuels to 22¢ per gallon would increase revenue by \$65M per year.

Action Required

- Requires legislative referendum or ballot initiative and approval by voters

Source

“Motor Fuel Tax”, Colorado General Assembly, <https://leg.colorado.gov/agencies/legislative-council-staff/motor-fuel-tax%C2%A0>

Lodging Tax

\$50M Annually

General

- Impose \$5 state lodging tax for state highway system
- Possible priority of I-70 Mountain Corridor

Funding

- \$50M a year in new revenue

Action Required

- Requires legislative referendum or ballot measure and voter approval.

Reduce HUTF Revenue to Other Uses

\$127.8M Annually

General

- The Highway Users Tax Fund (HUTF) is funded through motor fuel taxes, vehicle license and registration fees, fines from traffic infractions, and other revenues.
- Revenue from the HUTF primarily goes to CDOT's State Highway Fund and to counties and municipalities for transportation improvements.
- The General Assembly provides annual Off-the-Top diversions from the HUTF to the Colorado State Patrol and the Department of Revenue's Motor Vehicles Division.
 - Diversions are restricted to a 6% annual increase
 - FY2019-2020: \$127.8M (11.2% of total) went to Off-the-Top diversions

Funding

- If all Off-the-Top diversions are eliminated, an additional \$127.8M per year would be available.

Action Required

- Requires legislative action.

Source

CDOT Final Budget Allocation Plan for Fiscal Year 2019-20, March 21, 2019, <https://www.codot.gov/business/budget/cdot-budget/current-budget-documents/fy-2019-20-budget-allocation-plan-narrative-budget-documents/fy-2019-20-proposed-narrative-budget>

Replace Fuel Tax with Road Usage Charge

\$170.9M Annually

General

- The Colorado gas tax was set at 22¢ per gallon in 1991. Due to increased vehicle fuel economy and declines in purchasing power, the state fuel tax is not a sustainable funding source.
- A road usage charge (RUC) treats roads like utilities (pay for what you use), typically by charging a fee per mile traveled.
- 2017 revenue from the State Fuel Tax was \$629.8M. Based on statewide VMT in 2017, a RUC of 1.2¢ per mile generates the same revenue.
- CDOT conducted a pilot RUC program in 2016-2017 that found support among pilot participants and no major technical issues.

Funding

- \$170.9M increased revenue from a 1.5¢ per mile charge over fuel tax for the State per year
- Each 0.1¢ increase beyond a 1.2¢ fee would raise an additional \$53.4M per year

Action Required

- If created as a fee, requires legislative action. If created as a tax, requires legislative referendum or ballot measure and voter approval.

Source

"Colorado Road Usage Pilot Program Final Report", CDOT, December 2017, <https://www.codot.gov/programs/ruc/documents/rucpp-final-report>

Total Annual Local Funding Identified: \$263M

| Local Funding Source | Existing Revenue* | Existing Opportunity | Potential Source |
|--|-------------------|----------------------|------------------|
| Regional Transportation Authority | - | - | \$114M |
| Value Capture Corridor | - | - | \$3.3M |
| Empower MPOs (E-MPO) | - | - | \$114M |
| County Sales Tax | - | - | \$32M |
| Local Vehicle Purchase Tax | - | - | N/A |
| Total | - | - | \$263M |

*Existing local revenue sources are not identified.

Regional Transportation Authority

\$114M Annually

General

- Colorado law permits municipalities, counties, and special districts to join together to create a regional transportation authority (RTA) to address transportation needs.
- By law, RTAs may levy a sales and/or use tax up to 1%, an annual motor vehicle registration fee up to \$10, a lodging tax up to 2%, and a mill levy up to five mills. The mill levy provision is set to repeal January 1, 2029.
 - Of the five RTAs in Colorado, four have a Sales and/or Use Tax of 0.4% to 1%. Only one RTA has a property tax.
- RTAs may establish one or more enterprises and may issue bonds.
- TABOR could limit revenue if amount earned is more than inflation plus population increase.

Funding

- An RTA with the same boundary as the North Front Range MPO could generate up to \$114M per year:
 - \$107M from a 1% sales tax (based on 2018 net taxable sales)
 - \$5M from a \$10 Vehicle Registration Fee (based on estimated vehicle registrations)
 - \$2M from a 2% Lodging Tax (based on 2018 lodging tax revenue for Fort Collins, Loveland, and Greeley)

Action Required

- Local governments and agencies would need to create and sign an intergovernmental agreement (IGA).
- Requires a vote of the public within the proposed RTA.
- May need to be intermodal if Fort Collins, Greeley, Loveland are involved (regional transit may ease some traffic on I-25).

Source

“Regional Transportation Authorities,” Colorado Legislative Council Staff, September 14, 2017, https://leg.colorado.gov/sites/default/files/regional_transportation_authorities_8302017.pdf

Value Capture Corridor

Up to \$3.3M Annually

General

- New legislation could allow all new sales tax in a given area to be allocated to a specific corridor.
- Has the potential to generate a range of funds based on size of the capture area and expected sales tax growth rate.

Action Required

- Requires legislative action.

Funding

- Has the potential to generate anywhere from \$175,943 to \$3,262,329 annually depending on the value capture area size and expected growth rate.
- The following figures outline potential funding estimates and each buffer area:

I-25 from State Highway 14 to State Highway 66

| Municipality & County 1 Mile Buffer Total | | Municipality & County 2 Mile Buffer Total | | Municipality & County 3 Mile Buffer Total | |
|---|-----------------------------------|---|-----------------------------------|---|-----------------------------------|
| Current Net State Sales Tax: \$17,594,353.44 | | Current Net State Sales Tax: \$34,969,993.39 | | Current Net State Sales Tax: \$53,281,124.69 | |
| Growth Rate | New State Sales Tax Generation | Growth Rate | New State Sales Tax Generation | Growth Rate | New State Sales Tax Generation |
| 1% | \$175,943.53 | 1% | \$349,699.93 | 1% | \$532,811.25 |
| 2% | \$351,887.07 | 2% | \$699,399.87 | 2% | \$1,065,622.49 |
| 3% | \$527,830.60 | 3% | \$1,049,099.80 | 3% | \$1,598,433.74 |

I-25 from State Highway 66 to 120th Avenue

| Municipality & County 1 Mile Buffer Total | | Municipality & County 2 Mile Buffer Total | | Municipality & County 3 Mile Buffer Total | |
|---|-----------------------------------|---|-----------------------------------|---|-----------------------------------|
| Current Net State Sales Tax: \$18,353,196.71 | | Current Net State Sales Tax: \$33,525,464.71 | | Current Net State Sales Tax: \$55,463,203.99 | |
| Growth Rate | New State Sales Tax Generation | Growth Rate | New State Sales Tax Generation | Growth Rate | New State Sales Tax Generation |
| 1% | \$183,531.97 | 1% | \$335,254.65 | 1% | \$554,632.04 |
| 2% | \$367,063.93 | 2% | \$670,509.29 | 2% | \$1,109,264.08 |
| 3% | \$550,595.90 | 3% | \$1,005,763.94 | 3% | \$1,663,896.12 |

*Current Net State sales tax derived from the Colorado Department of Revenue, Sales Tax Summaries from July 2013 to June 2014 (<https://www.colorado.gov/revenue/statistics>)

*New State sales tax Generation figures are new capture based only on the Growth Rate increase in each buffer area and do not include a total sum.

I-25 Value Capture Corridor process and maps are outlined in **Appendix B** on page 18.

Empower MPOs (E-MPO)

\$114M Annually

General

- New legislation could empower the five existing Colorado Metropolitan Planning Organizations (MPOs) with RTA-like taxing authority. Rural Transportation Planning Regions (TPRs) could potentially be empowered as well.
- Would provide a more streamlined approach to creation of an RTA-like entity without creating a new government.

Funding

- \$114M per year assuming similar funding mechanisms as RTAs (See page 13).

Action Required

- Requires enabling legislation and approval by the MPO.

Source

“Colorado Mobility Funding: Adding to the Toolbox”, Colorado Municipal League, June 12, 2019, https://www.cml.org/docs/default-source/uploadedfiles/events/annual-conference/conference-presentations/alternate-transportation-routes-funding_williams.pdf?sfvrsn=2afc67f7_2

SB20-1151, “Expand Authority for Regional Transportation Improvements”, Colorado General Assembly, <https://leg.colorado.gov/bills/hb20-1151>

County Sales Tax

\$27M Annually

General

- Counties could impose or increase sales tax for transportation needs. Currently, Larimer County has a sales tax of 0.8% and Weld County does not impose a sales tax.
- In November 2019, Larimer County Ballot Issue 1A for a 0.5¢ sales tax increase for infrastructure, including transportation, was opposed by 55.7% of voters.

Funding

- A sales tax increase of 0.25¢ would raise \$15M in Larimer County and \$11M in Weld County based on 2018 net taxable sales.

Action Required

- Requires voter approval.

Source

“Larimer County voters slam brakes on sales tax to build roads”, Coloradoan, November 6, 2019, <https://www.coloradoan.com/story/news/2019/11/05/larimer-county-voters-soundly-reject-sales-tax-build-roads/4165279002/>

Local Vehicle Purchase Tax

No Estimate

General

- Local governments that do not currently impose sales tax upon the sale of vehicles could impose a local vehicle purchase tax.

Action Required

- Requires voter approval.

New Federal Legislation Post-FAST ACT

No Estimate

General

- It appears unlikely new federal legislation will be successful in 2019.
- Several bills have been introduced, including:
 - H.R. 3055 This bill has not been marked up yet. It includes \$1B for BUILD grants, \$48.9B for FHWA, \$404M below the 2019 enacted level and \$1.7B above the President's budget request, including \$1.75B for "discretionary highway infrastructure programs, \$1.5B below the 2019 enacted level and \$1.45B above the President's budget request. Passed House of Representatives on June 25, 2019.
 - Bill introduced in Senate 7/30 (no number yet) sponsored by Senate Environment and Public Works Committee. The measure would authorize spending \$287B from the Highway Trust Fund over the five years, which is about 27% above current levels.

Sources

"Infrastructure Funding Looks Dead Until at Least 2020", Trucks.com, July 8, 2019, <https://www.trucks.com/2019/07/08/infrastructure-funding-dead-until-2020/>

"Road bill would hike spending by 25 percent, speed permits and add climate title", Roll Call, July 29, 2019, <https://www.rollcall.com/news/congress/road-bill-hike-spending-25-percent-speed-permits-add-climate-title>

"Sen. Barrasso calls for five-year surface transportation funding bill by August 1", Aggregates Manager, July 15, 2019, <https://www.aggman.com/sen-barrasso-calls-for-five-year-surface-transportation-funding-bill-by-august-1/>

Corridors of Regional Economic Significance (CORES) No Estimate

General

- Florida SB 7068
- Creates new M-CORES program and redirects collection of new vehicle license taxes (\$132.5M annually from General Fund to Transportation Trust Fund to build new corridors).
- Similar to Value-Capture Corridor concept, using a vehicle registration tax rather than a sales tax.

Source

"State Funding Initiatives", Transportation Investment Advocacy Center, <https://transportationinvestment.org/wp-content/uploads/2019/08/20190607-State-Transportation-Funding-Legislation.pdf>

Wholesale Gas Tax

No Estimate

General

- A few states have converted the gas tax to a wholesale tax (Pennsylvania, Vermont, Virginia).

Source

AASHTO State Transportation Funding Proposal Tracker, <https://fundingfinance.transportation.org/state-transportation-funding-proposal%E2%80%8B-tracker/>

Completed Projects

- Berthoud Hill Climbing Lane (southbound)
- Crossroads bridges and intersection

Funded Projects in Progress or to be Initiated

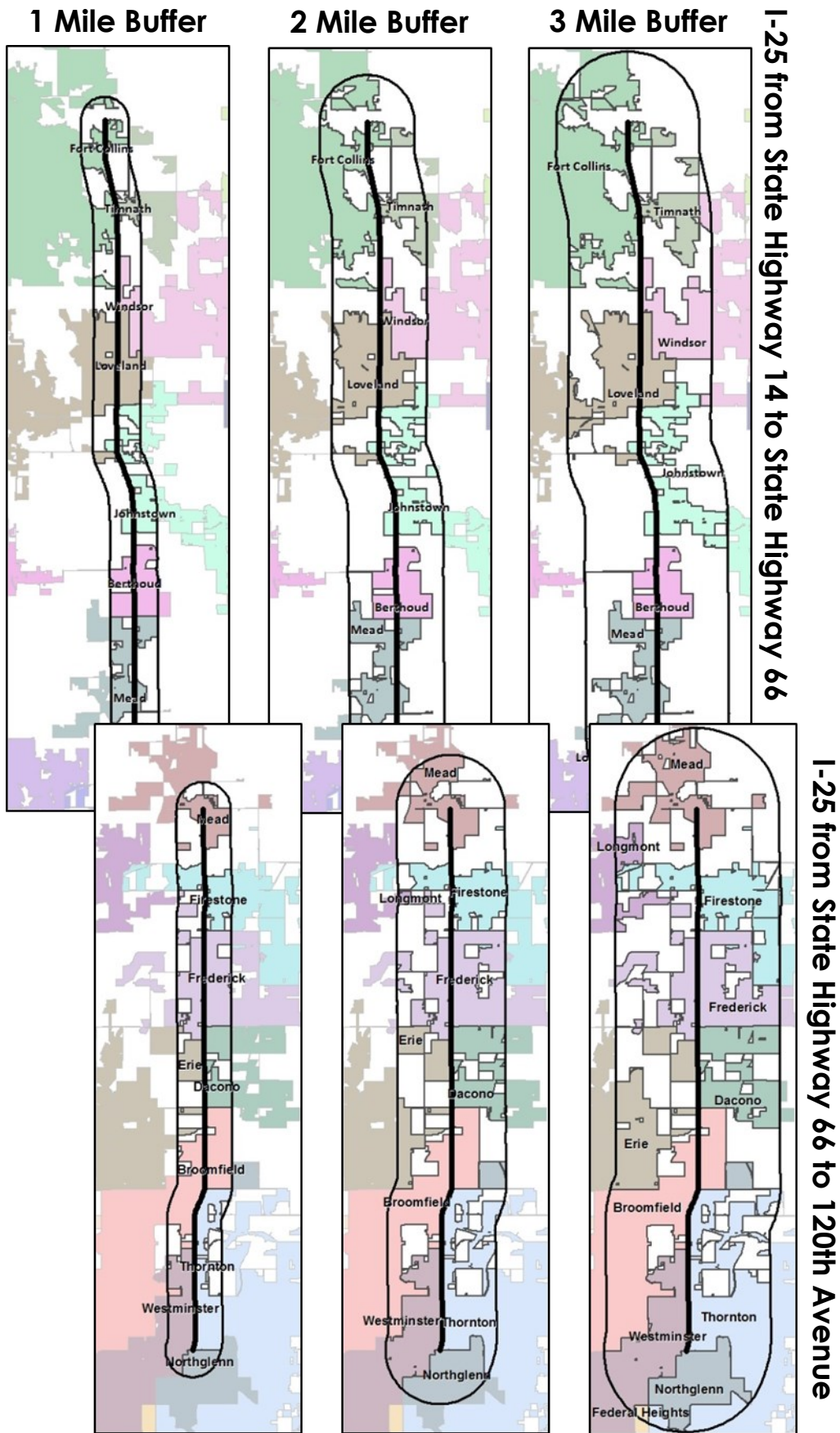
- Addition of Express Lane (rural template) from SH14 to SH402 (Segments 7&8)
- Addition of Express Lane (rural template) from SH402 to SH56 (Segment 6)
- Prospect Rd, US34 (partial), SH402, LCR 16, SH60, LCR16, and SH56 interchange reconstructions
- Bridge replacements
- Rehabilitation or reconstruction of general purpose lanes

Funding Secured—\$941M

- \$27M RAMP – CDOT
- \$140M SB-228 – CDOT
- \$5M STBG – NFRMPO
- \$15M TIGER Grant – USDOT (2016)
- \$87.2 SB-267 – CDOT
- \$110M – other federal funds controlled by CDOT
- \$20M BUILD Grant – USDOT (2018)
- \$40M SB-001 – CDOT
- \$96M – Other funding
- \$104.3M – local governments
- \$270M SB-267 – CDOT (2019)
- \$20M FASTER Safety—CDOT (2020)
- \$6.97M TIGER Grant – USDOT (2019)

Appendix B: Value Capture Corridor

North I-25 Corridor



Appendix C: I-25 Funding Needs by Segment

North I-25 Corridor



| Segments | Projects in Progress or Completed | Cost of Projects in Progress or Completed | Funding Needed for Express Lanes (Rural Template) | Additional Needs for Ultimate Configuration | Funding Needed for Ultimate Configuration | Total Funding Needed (2019 Dollars) |
|--------------------------------------|---|---|---|---|---|-------------------------------------|
| Segment 9 CO 14 to CO 1 | Vine Dr bridge replacement | \$9M | \$0 | Pavement reconstruction | \$261.5M | \$261.5M |
| Segment 8 CO 392 to CO 14 | Preliminary engineering | \$8.4M | \$0 | CO 14 interchange reconstruction | \$52.2M | \$84.8M |
| | 1 express lane in each direction (2+1) | \$358.9M | | Add one general purpose lane (3+1) | \$32.6M | |
| Segment 7 CO 402 to CO 392 | | \$239.3M | \$0 | Add one general purpose lane (3+1) | \$30.6M | \$202M |
| | Crossroads bridge replacement | \$30.3M | | I-25 & US 34 US 34 & Centerra Parkway interchange | \$171.4M | |
| | Preliminary engineering | \$5.5M | | | | |
| Segment 6 CO 56 to CO 402 | 1 express lane in each direction (2+1) and interchange reconstruction | \$228.3M | \$0 | Add one general purpose lane (3+1) | \$74M | \$74M |
| Segment 5 CO 66 to CO 56 | CO 56 interchange | \$50M | \$325M | Add one general purpose lane (3+1) | \$29.9M | \$354.9M |
| | Advance design and acquire ROW | \$11.5M | | | | |
| Segment 4 CO 7 to CO 66 | Preliminary engineering (CDOT) | \$0 | \$127.2M | — | — | \$127.2M |
| Total | | \$941.2M | \$452.2M | — | \$652.2M | \$1,104.4M |

Possible Funding Sources for the North I-25 Corridor

North Front Range Metropolitan Planning Organization

The goal of the NFRMPO is to enhance mobility and air quality within Northern Colorado by developing cooperative, working relationships and financial partnerships among member governments, the Colorado Department of Transportation, Federal Highway Administration, Federal Transit Administration, and other public agencies as well as the private sector.

NFRMPO

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