



## Memorandum

To: CCI Members

From: Eric Bergman, Policy Director, CCI

Date: April 12, 2017

Re: Analysis of HB17-1242 – **AS AMENDED IN SENATE TRANSPORTATION**

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On March 8, a bipartisan, statewide transportation funding initiative was introduced in the General Assembly. The bill (HB17-1242) is being cosponsored by House Speaker Crisanta Duran, Senate President Kevin Grantham, and Rep. Diane Mitch Bush and Sen. Randy Baumgardner (the respective chairs of the House and Senate Transportation Committees). The legislation is designed to expedite transportation projects statewide and provide new revenue for transportation projects at the local level

The bill has been amended numerous times since its introduction last month. HB 1242 has now moved to the Senate, and ten more amendments were put on the bill in the Senate Transportation Committee when it was heard this week. As amended, the bill passed out of committee on a 3-2 vote.

### **As amended in committee, the bill would now do the following:**

- Refer a measure to the November ballot increasing the state sales tax by .5%, generating an estimated **\$576 million annually**. This new revenue would be **dedicated** to transportation funding. The sales tax increase would sunset in 2038.
- Reduce the state and local FASTER road safety surcharge and eliminate the FASTER late fees. This was part of the compromise between the House and Senate leadership to find some off-sets and ways to reduce fees. This would result in a combined revenue loss to counties of approximately \$5.2 million/year (IF the ballot measure passes).
- Authorize CDOT to issue TRANS bonds (up to \$3.5 billion) for Tier 1 projects around the state. CDOT is required to use \$50 million of its own budget for bond repayment.

- Directs the state to transfer \$100 million annually from the General Fund to go toward CDOT's bond debt repayment (in addition to the \$50 million that CDOT must dedicate from its own budget).
- Distribute the funding generated by the sales tax increase (approx. \$576 million annually) as follows:
  - **15%** off-the-top to a new multi-modal transportation grant fund (to be distributed by the advisory committee in the Division of Transit and Rail, with the addition of local government reps, disability advocates and bike/ped interests).

Balance of funds are to be distributed as follows:

  - **41%** to CDOT (to go toward bond debt repayment)
  - **59%** to counties and cities (to be shared equally)
- Enhance transparency and accountability, including citizen oversight of projects and a simple-to-navigate website so Coloradans can track the progress cost and timeline of projects, and ensuring the state is spending taxpayer dollars wisely. The Tier 1 projects to be bonded will be listed in the "blue book" (as opposed to appearing in the ballot question). CDOT would be required to publish all contract info on its website and make changes to bidding process.

## Analysis

CCI's standing policy on new transportation revenue is that it should be shared according to the existing HUTF formula in statute. If this new revenue was shared according to the HUTF formula (60% to the state, 22% to counties and 18% to cities), it would break out annually as follows:

\$576 million = \$345 million to the state/**\$127 million to counties**/\$103 million to cities

Under HB 1242 as amended, the new revenue would break out as follows:

\$576 million = \$86 million to multi-modal grant program (to be used by both cities and counties)/  
\$202 million to the state/**\$144 million to counties**/\$144 million to cities

**NOTE:** The FASTER fee cuts – which amount to about \$5.2 million/year for counties, would bring the county share down to approximately **\$139 million/year**.