COLORADO COUNTIES, INC.
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Memorandum

To: CCI Members

From: Eric Bergman, Policy Director, CCI

Date: March 12, 2017

Re: Overview and Analysis of HB17-1242

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 would do the following:

- Refer a measure to the November ballot increasing the state sales tax by .62% (moving the state sales tax from 2.9% to just over 3.5%), generating an estimated **$700 million annually**. This new revenue would be **dedicated** to transportation funding. The sales tax increase would sunset in 2038.

- Reduce the **state-share** of the FASTER Road Safety surcharge, lowering vehicle registration fees by roughly $75 million annually. This was part of the compromise between the House and Senate leadership to find some off-sets and ways to reduce fees. The bill also eliminates the remaining SB 228 transfers from the General Fund to CDOT.

- Authorize CDOT to issue TRANS bonds (up to $3.5 billion) for Tier 1 projects around the state, and to use up to $300 million of this sales tax increase annually for repayment of the bonds. CDOT is required to use $50 million of its own budget for bond repayment (for a total of $350 million annually in bond repayments). Under the bill, the Tier 1 projects would be listed in the "blue book" as opposed to appearing in the ballot question.

- Utilize the balance of the sales tax increase (approx. $400 million annually) for local priorities around the state, as follows:
  - **70%** to local governments (to be split **evenly** between counties and cities)
  - **30%** to a new multi-modal transportation grant fund, to be distributed by a new commission and made available on a match basis to local governments. This new commission would be appointed by the Governor and made up of local government officials, transit experts, members of metropolitan planning organizations, and advocates.

- 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.

Analysis

CCI's standing policy on new transportation revenue is that 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:

$700 million = $420 million to the state/**$154 million to counties**/$126 million to cities

<u>Under HB 1242, the new revenue would break out as follows</u>:

$700 million = $300 million to the state/**$140 million to counties**/$140 million to cities/$120 million to multi-modal grant program (for both cities and counties)