

**To:** Boards of County Commissioners  
County Administrators/Managers  
County Budget/Finance Officers  
Road and Bridge Supervisors

**From:** Meghan MacKillop, CCI Contract Lobbyist

**Date:** October 1, 2025

**Re:** HUTF Estimates for Budget Year 2026

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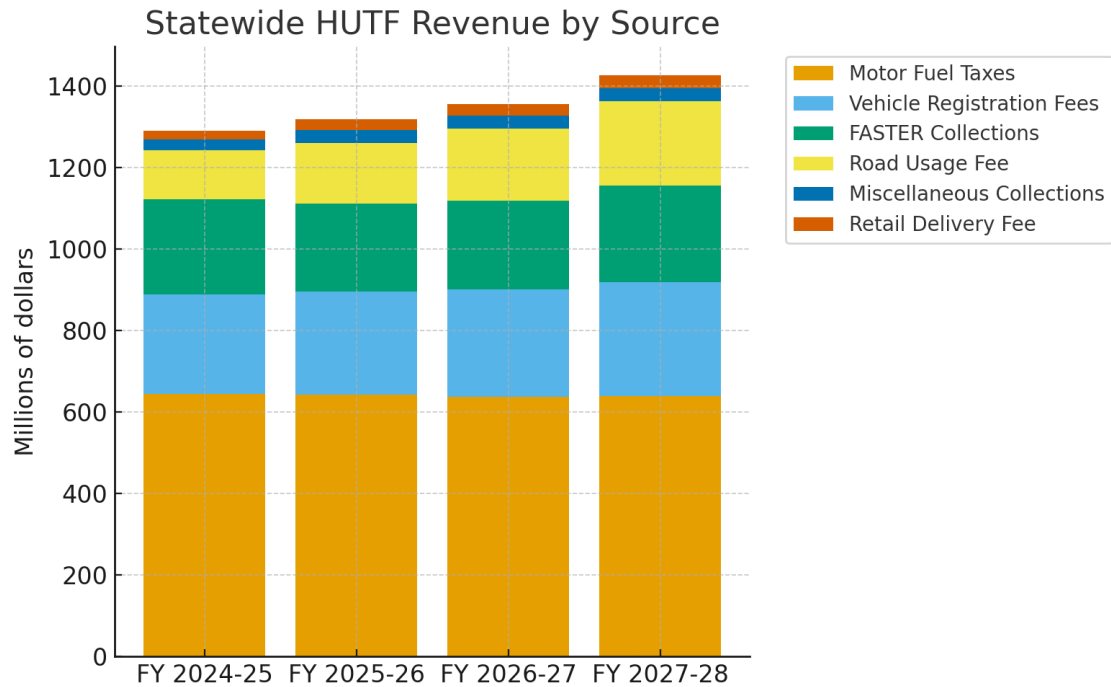
Each year, the CDOT Office of Financial Management and Budget (OFMB) prepares a forecast of expected revenues in the Highway Users Tax Fund (HUTF) for upcoming years. CCI and CML utilize these HUTF forecasts – along with updated information from the Department of Revenue on lane miles, bridge deck area and vehicle registrations – to assist local governments in developing their annual road and bridge budgets. County estimates are attached to this memo. Please remember that these are only estimates based on the Colorado Department of Transportation’s calculations.

### **Summary**

County Highway Users Tax Fund revenue is stable and growing modestly over the next three fiscal years. CDOT predicts that total HUTF will increase from about \$1.29 billion in FY 2024–25 to \$1.43 billion in FY 2027–28. The county distribution increases from about \$244 million to \$266 million in that same period. This is specific for the state fiscal year, which runs from July to July of each year. The estimates in the attached spreadsheet reflect an average of the last two fiscal years, for an approximation of the calendar year revenue distribution. The most growth that CDOT is seeing is from road usage fees and vehicle registrations. Fuel tax is steadily declining, and off-the-top appropriations continue to increase and deplete the available HUTF revenue for counties.

### **What is driving the change**

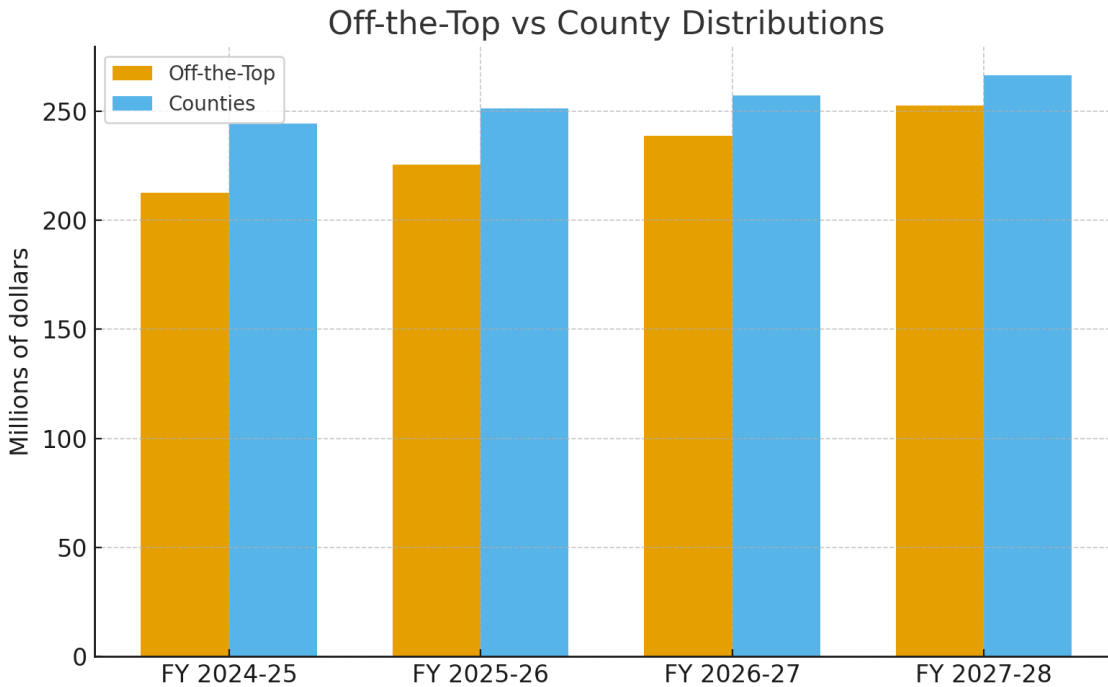
HUTF is a mix of fuel taxes, registrations, FASTER, the road usage fee, and the retail delivery fee. CDOT’s analysis shows that people are driving, but more people are using vehicles that are more fuel efficient, limiting how much the revenue from the fuel tax that is being collected. Certain fees created in SB21-260, including the road usage fee and electric vehicle registration fee, will ramp up over time and help backfill the fuel-tax weakness. Registration fees trend up with the vehicle fleet, including electric vehicles. The below table illustrates how the general leveling out of the fuel tax as HUTF revenue, while the other sources are generally increasing.



*Source: Colorado Department of Transportation*

#### **Why off-the-top matters**

While overall HUTF distributions are expected to annually increase over the forecast period, CDOT is expecting first stream revenue to continue to decrease. This is due to off-the-top appropriations to the Department of Public Safety. Off-the-top appropriations are made before formula distributions, and they come out of first stream revenue. These appropriations are growing at a faster rate than overall HUTF revenue growth. When the top grows faster than the fund, it squeezes the amounts that flow to local governments.



Source: Colorado Department of Transportation

### Recent legislation shaping revenue

SB21-260 created the road usage fee on fuel, electric-vehicle registration equalization, and the retail delivery fee, among other fees that do not are not distributed to the HUTF. A portion of retail delivery fee revenue flows to HUTF and is then split among CDOT, counties, and municipalities as outlined in statutes. Counties receive 22 percent of this revenue.

SB25-258, temporarily reduces the FASTER Road Safety Surcharge and, from September 2025 through September 2027, temporarily shifts the FASTER split to 54 percent CDOT, 24 percent counties, and 20 percent municipalities. This temporary shift is meant to hold local government funding harmless. But, because of the decrease in fees, there is a significant decline in FASTER revenue this fiscal year. There may be attempts to make this reduction permanent in future years.

### Highway User Tax Fund Background

The HUTF is a statutorily defined, state-collected, locally shared revenue distributed monthly to the state, counties, and municipalities. The revenue that flows through HUTF includes state-levied taxes and fees associated with the operation of motor vehicles in the state. The state treasurer distributes the HUTF proceeds between CDOT, the Colorado State Patrol, the Department of Revenue, counties, and municipalities according to statutory formulas and annual appropriations. The forecasted HUTF revenue from CDOT is shown in the table below.

Recipient	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Off-the-Top Appropriations	\$212.7	\$225.3	\$238.6	\$252.6
CDOT	\$656.2	\$656.8	\$669.1	\$707.9
DNR Capital Construction	\$0.3	\$0.3	\$0.3	\$0.3
Counties	\$244.3	\$251.2	\$257.2	\$266.4
Municipalities	\$176.9	\$183.9	\$190.5	\$198.8

<b>Total HUTF Distributions</b>	<b>\$1,290.5</b>	<b>\$1,317.5</b>	<b>\$1,355.7</b>	<b>\$1,425.9</b>
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### *Motor Fuel Tax Collection*

Motor fuel taxes are currently the state's primary source of transportation revenue. Colorado has an excise tax of 22 cents per gallon for gasoline and 20.5 cents for diesel and special fuel.

### *Vehicle Registration Fees*

The state collects several different fees at the time of vehicle registration. Age-based fees and weight-based fees are both deposited directly into the HUTF. The state also assesses a \$50 annual fee on plug-in hybrid and battery-electric vehicles. Of this fee, 60 percent is allocated to the HUTF, and 40 percent is allocated to the Electric Vehicle Grant Fund in the Colorado Energy Office. This fee will continue to increase with inflation. Fees are distributed through the HUTF formula. Additionally, SB21-260 created an additional road usage equalization registration fee on regular and commercial plug-in electric vehicles. This fee will also increase annually with inflation. In lieu of the standard equalization fee, electric commercial vehicles will pay an annual registration fee based on weight. This fee is annually adjusted for inflation.

### *FASTER Revenue*

In 2009, the General Assembly passed SB09-108, also known as the Funding Advancements for Surface Transportation and Economic Recovery (FASTER) Act. This bill created new motor vehicle fees, fines, and surcharges to fund road, bridge, and public transit projects. The Road Safety Surcharge applies to every registered vehicle, ranging between \$16 and \$39, depending on the vehicle. The amount of the Road Safety Surcharge is set in statute (§43-4-804(1) C.R.S.). FASTER also established a late registration fee, which is charged when a motor vehicle is registered after a one-month grace period of its annual registration date. The cost is \$25 for each month the vehicle registration is late, up to \$100. The county office that collects the late registration fee retains \$10 of the fee. FASTER revenue also includes the daily vehicle rental fee and overweight vehicle surcharges.

### *Road Usage Fee*

SB21-260 created the road usage fee, assessed on each gallon of gasoline and diesel in addition to the motor fuel tax. After 2033, this fee will be annually adjusted for inflation based on the National Highway Cost Construction Index. The state began collecting revenue from this fee in April 2023.

### *Miscellaneous Collections*

This category includes revenue from traffic penalties and judicial collections, interest earnings, and various cash program revenues.

### *Retail Delivery Fees*

SB21-260 imposed new fees on retail deliveries that are subject to the state sales tax. These fees are assessed by the state, the Statewide Bridge and Tunnel Enterprise, and four new enterprises created in the bill and are collected by the retailer from the purchaser. These fees will be adjusted for inflation based on the Denver-Aurora-Lakewood Consumer Price Index. The state's share of this revenue is distributed to the HUTF and the Multimodal Transportation and Mitigation Options Fund. SB23-143 created an exemption from the fees for businesses with retail sales less than or equal to \$500,000 in the prior year, effectively decreasing revenue from the fee.