Transportation Investment Advocacy Center

American Road & Transportation Builders Association

COLORADO SENATE BILL 260

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CO Case Study – Senate Bill 260

Overview

Senate Bill 260 (SB260) passed the Colorado Legislature on June 2nd, 2021, with a 41-24 vote in the House and a 20-15 vote in the Senate[12]. Gov. Jared Polis (D) signed the bill into law on June 17th, 2021. The bill will provide around $5.3 billion in transportation infrastructure investment over the next decade[3].

SB 260 creates new sources of funding, via fees based on fuel consumption, as well as state-backed enterprises to improve transportation infrastructure in Colorado. The bill enables the state to create a more sustainable transportation-funding system while adapting to a changing alternative-fuels landscape. Efforts in SB 260 also prioritize mitigating the impacts infrastructure development can have on the environment. The bill is expected to generate around $5.4 billion over the next 10 years. SB 260 also provides an immediate, one-time, $380 million transfer from the American Rescue Plan fund – COVID-19 relief money given to Colorado by the federal government – to the state Highway Users Tax Fund (HUTF). SB 260 also raises the states revenue limit under TABOR (information on TABOR can be found on pages 5-6). See below for a breakdown of new and updated fees in SB 260[4]:

Fuel Consumption Fees[5]

- SB 260 creates consumption fees on the wholesale purchase gasoline and diesel fuel.
- Fees are phased in gradually between fiscal year (FY) 2022-2033 and 2031-32. The initial fee increase is 2 cents per gallon starting July 2022, and then a 1 cent per gallon increase follows every subsequent July until reaching 8 cents per gallon in 2028-2029. The fee will remain at 8 cents per gallon until 2031-32 when the fee is indexed to the National Highway Construction Cost Index (NHCCI) inflation.
- Revenue collected from the motor fuel fees will go into the Highway Users Tax Fund.

Retail Delivery Fees[6]

- Starting in FY 2022-23, SB 260 creates a new fee on retail deliveries.
- The fee applies to motor vehicles who transport goods that are subject to the state sales tax. The fee would be assessed at 27-cents per purchase.

Electric Vehicle Registration Fees[7]

- Starting in FY 2022-23, SB 260 requires the existing electric vehicle fee of $50 per vehicle to be adjusted annually for inflation.
- The bill also creates an additional fee aimed at capturing the loss of fuel taxes from electric vehicles. The phased-in fee is initially assessed at $9 a year for full-electric vehicles, rising to $90 by 2031. For hybrid vehicles the initial fee is $3 a year, rising to $27 by 2031.

Ridesharing[8]

- Starting in FY 2022-2023, SB 260 imposes a flat 30-cent fee per trip on ridesharing companies such as Uber and Lyft. The fee is 15-cents per ride in zero-emission vehicles.
- The new ride-sharing fee adjusts with inflation, indexed to CPI.

Other Fees

- SB 260 includes a $2 per day fee on car-sharing services, such as Turo; an existing $2 per day fee on car rentals would be indexed for inflation[9].
- Vehicle registration fees are temporarily lowered by $11.10 per vehicle in 2022, and by $5.55 in 2023. Fees for 2024 and beyond are unchanged[10].
- Requires state agencies to revisit fees in 2026 and make recommendations to the General Assembly[11].

SB 260 also creates four new state enterprises – a government-run entity with the power to issue revenue bonds – and amends an existing enterprise:

Community Access Enterprise (NEW)[12]

- This enterprise is implemented within the Colorado Energy Office (CEO). It will help support the development of electric-vehicle (EV) infrastructure. The enterprise will also facilitate financial incentives for EV purchases and those who opt to use public transit.

Clean Fleet Enterprise (NEW)[13]

- The *Clean Fleet Enterprise*, under the Colorado Department of Public Health and Environment (CDPHE), will support and incentivize the use of zero-emission delivery trucks, school buses, and ridesharing vehicles, and other government and nongovernment fleets. The new enterprise also imposes a new fee on retail delivery and ridesharing companies to fund its operations.

Clean Transit Enterprise (NEW)[14]

- This enterprise will work with the Colorado Department of Transport (CDOT) to support the transition to electric public transit buses. A new retail delivery fee will help fund the operations the enterprise. The enterprise will also use fee revenues to issue grants or loans to localities to support the development of electric buses.

Nonattainment Area Air Pollution Mitigation Enterprise (NEW)[15]

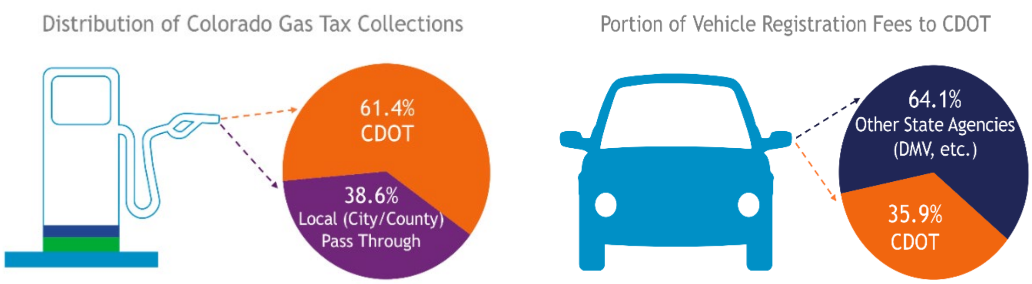
- This enterprise, also under CDOT, will address the public health impacts of state highway projects on low-income, at-risk communities. It will implement a fee on retail deliveries and rideshares to help fund projects that improves air quality via congestion reduction.

Statewide Bridge Enterprise (EXISTING)[16]

- SB 260 changes the name of this enterprise to the *Statewide Bridge and Tunnel Enterprise.* It also authorizes the enterprise to implement an impact fee on diesel, and a bridge and tunnel retail delivery fee to fund surface transportation projects for tunnels and bridges.

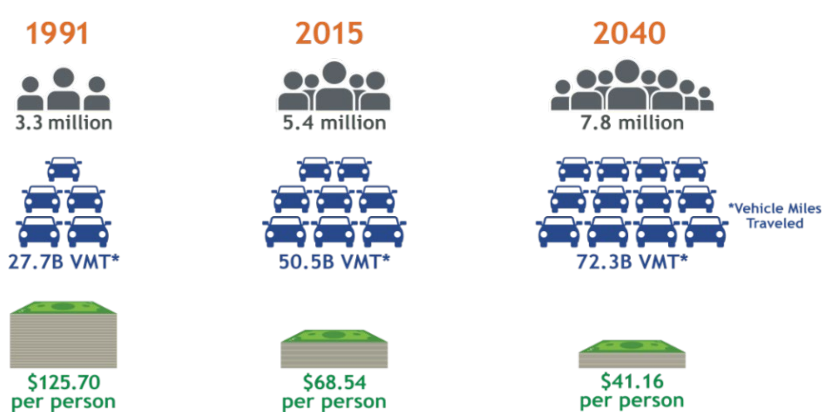
Background

The Colorado Department of Transportation (CDOT) is primarily funded through the state gas tax and vehicle registration fees. The Colorado highway system uses the Highway Users Tax Fund (HUTF) as its primary funding source. Revenues from the state gas tax and vehicle registration fees are credited to the HUTF. HUTF revenue is then dispersed into the State Highway Fund where it is doled out to counties and municipalities for transportation projects. The State Highway Fund is the main funding vehicle for CDOT, which is made up of federal funds, HUTF revenues, and other sources of income. CDOT uses these revenues to build, repair, and expand over 23,000 miles of highways and 3,500 bridges in the state. The enforcement and allocation of CDOT's budgets and programs rests with the Transportation Commission of Colorado[17].



Source: Colorado Department of Transportation (CDOT)

Prior to the passage of Senate Bill 260, Colorado's gas tax was a fixed 22 cents per gallon that hadn't increased since 1991. In 1991, following the implementation of the last gas tax increase, CDOT was able to spend $125 per Coloradoan on building and repairing the states' highways and bridges. In 2015, that number was down to $69. At that time, it was estimated by 2040 the per capita number would be down to $41.16, assuming no new or increased revenue-generating mechanisms[18].



Source: Colorado Department of Transportation (CDOT)

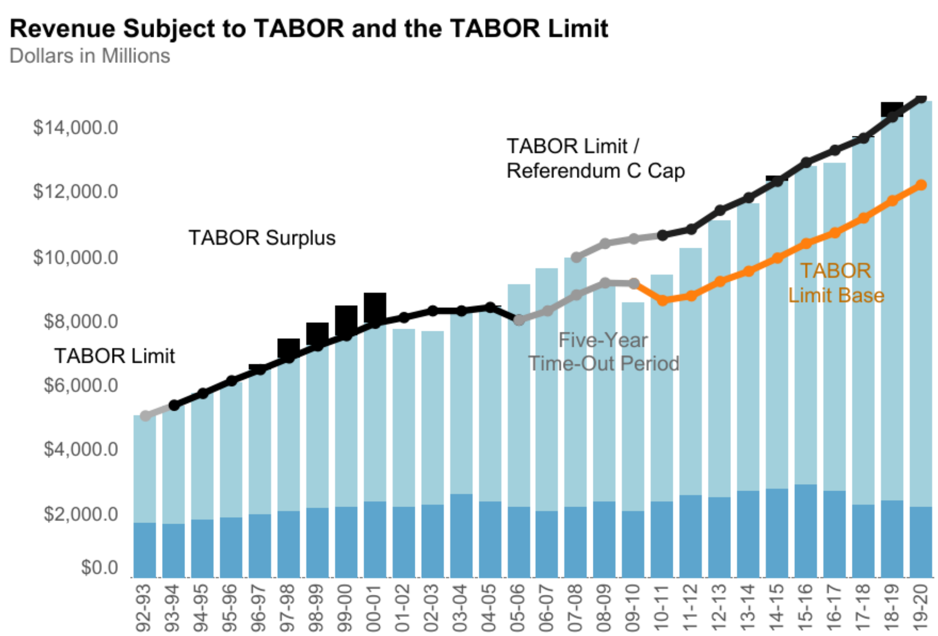
TABOR

After the gas tax increase in 1991, Colorado voters approved the Taxpayer Bill of Rights Act (TABOR) the following year. TABOR amended the Colorado Constitution to require voter approval – via referenda – to establish new taxes or raise existing tax rates. TABOR also limits growth in fiscal year spending. Initially, TABOR permitted Colorado to hold onto and spend revenues up to an amount based on the prior years' revenues plus the combined percent rate of population increase and inflation – inflation is measured by the cost-of-living index at the state level. Any additional revenue over the TABOR limit is then refunded to the taxpayers unless voters approve retention of the funds[19].

Pre- 'Referendum C' TABOR Limit =
(Previous Years' Revenue) + (% Rate of Inflation and Population Growth)
+ (Voter-Approved Revenue Changes)

For example, if the inflation rate is three percent in a given fiscal year and the states' population grows by one percent in that same year, then state revenue available for spending can increase by no more than 4% the following fiscal year per previous fiscal year spending levels. Money from the federal government, state enterprises[20], gifts, and lawsuits are exempt from TABOR spending limits. Additionally, new fees are not considered to be taxes with regards to TABOR tax-raising limitations per a 2019 Colorado Supreme Court ruling[21]. Colorado is the only state in the country to have adopted a TABOR.

Since adopting TABOR in 1992, the utility of the amendment has been hotly debated. As a result, Colorado has made multiple changes to how TABOR is enforced. In 2005 Colorado voters approved Referendum C, which allowed Colorado to spend and save the money it collected above its TABOR limit for the next five fiscal years, from FY 2005 – 2006 to FY 2009 – 2010. This was commonly referred to as the "time out period"[22].



Source: Colorado Office of the State Controller and Legislative Council Staff.

Referendum C also set a new cap on spending. Beginning in FY 2010 – 2011, the "Referendum C cap" grows from the highest fiscal year revenue during the "time-out period" (FY 2007-2008), instead of the prior fiscal years' actual spending. This effectively raised the TABOR limit and allowed the cap to continue to rise, even in years of revenue shortfall or economic downturn. Referendum C was seen as a win for opponents of TABOR and provided a short-term reprieve from Colorado's revenue-raising woes[23].

Post- 'Referendum C' TABOR Limit =
(FY 2007-2008 Revenue) + (% Rate of Inflation and Population Growth)
+ (Voter-Approved Revenue Changes)

The most recent change to TABOR enforcement occurred last year when Colorado voters approved Proposition 117. Prop. 117 dealt with enterprises, mandating that the approval of new state enterprises with revenues exceeding $100 million in its first five years, must go to the voters. This was seen as a win to proponents of TABOR[24].

TABOR Hurdle and How SB260 Adheres to Requirements

Before the introduction and passage of SB 260, the biggest hurdle for advocates of passing transportation funding and investment reform in Colorado, was TABOR. In 2018 Proposition 110, the "Let's Go Colorado" Transportation Bond and Sales Tax Initiative, would have authorized $6 billion in bonds to fund transportation projects and raised the state sales tax from 2.9 percent to 3.52 percent. However, because Prop. 110 raised an existing tax, final approval went to the voters (per TABOR rules) where it was defeated[25].

Colorado Prop. 110	
Yes	40.61%
No	59.39%

In 2019 Proposition CC, the "Allow State to Retain Revenue for Transportation and Education Measure", would have allowed the state to retain revenues above the TABOR spending cap to fund transportation and education projects. Because the measure directly amended rules surrounding TABOR, final approval also went to the voters where it was again defeated[26].

Colorado Prop. 110	
Yes	40.61%
No	59.39%

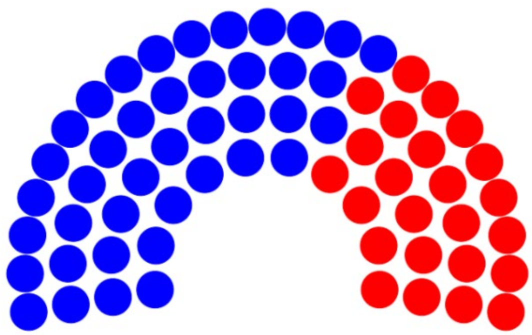
Unlike the previous measures, the drafters of SB 260 were able to work within TABOR guidelines. Because the bill establishes fees, instead of taxes, it therefore does not require voter approval to be adopted. The difference between taxes and fees when it comes to TABOR rules was cemented in a 2019 Colorado Supreme Court case, *Griswold v. NFIB,* where the court ruled that the plaintiff showed no evidence that fee structures constitute as taxes under TABOR[27]. Furthermore, the usage-fee revenues from the bill go directly into the HUTF and not an enterprise, meaning the $100 million revenue limitation placed on enterprises per Prop. 117 does not apply. SB 260 also raised the annual TABOR limit by $225 million for FY 2020-2021 to ensure that increased revenues don't turn into taxpayer refunds. Beyond FY 2020-2021, the TABOR limit is adjusted from this increased level[28].

How SB 260 Passed

Political Makeup

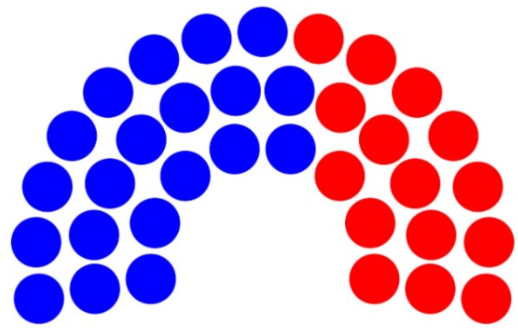
The first session of the 73rd Colorado General Assembly saw the Democratic Party retain its majorities in both the House of Representatives and the Senate. This also created a Democratic state government trifecta, meaning the party controlled both houses of the General Assembly as well as the governorship[29].

Colorado House of Representatives Makeup 2021



Democratic Party: 41 seats
Republican Party: 24 seats

Colorado Senate Makeup 2021



Democratic Party: 20 seats
Republican Party: 15 seats

Vote Breakdown

Colorado Senate Bill 260 - House		
	Democrat	Republican
Yea	41	0
Nay	0	24
Colorado Senate Bill 260 - Senate		
	Democrat	Republican
Yea	19	1
Nay	1	14

SB 260 was a party-line vote. In the House, all 41 Democrats voted for the measure and all 24 Republicans voted against[30]. In the Senate all but one Democrat, Sen. Kerry Donavan (D-Vail), voted for the bill and all but one Republican, Sen. Kevin Priola (R-Henderson), voted against[31]. Altogether, 61 percent voted for the bill while 39 percent voted against.

Support from Legislature and Governor

The primary sponsors of SB 260 were[32]:

- House Speaker Rep. Alec Garnett (D-Denver)
- Vice Chair of the Transportation & Local Government Committee Rep. Matt Gray (D-Bloomfield)
- Senate Majority Leader Stephen Fenberg (D-Boulder)
- Chair of the Transportation & Energy Committee Sen. Faith Winter (D-Westminster)
- Sen. Kevin Priola (R-Henderson)

In total there were 47 sponsors to the bill, 46 Democrats and the lone Republican Sen. Priola[33]. In the House, Speaker Alec Garnett touted the bill as a "worthy compromise – between those who say only asphalt, concrete and bridges, and no more roads or lanes – that would help address long-running funding shortages for state and local transportation needs."[34] He also labeled SB 260 as "the best solution for transportation funding that the state of Colorado has ever had in the last 10 years."[35] Rep. Matt Gray also highlighted that the bill represented an "historic investment" whose impact would be felt across the state[36]. Sen. Priola, the only Republican sponsor and supporter, argued that SB260 would bring better jobs and better roads to his district, lauded the new user-fees as a "future-proof" funding source that cannot be altered by future legislatures[37].

Jared Polis was an early supporter of transportation funding reform, making it a top priority at the start of his administration in 2020. In his first 'State of the State Address', he highlighted transportation funding shortfalls stating, "the General Fund alone cannot meet our state's needs, and voters rejected three straight ballot initiatives in the last two years to fund roads, even while our existing revenue source — the fuel tax — is bringing in less and less at a time when our needs are growing."[38] In his most recent address to the General Assembly, Gov. Polis emphasized the need to modernize Colorado's transportation system[39].

Support from Outside Organizations/Business Groups

A transportation-focused coalition of business groups called A Way Forward, put its support behind SB260. The coalition, led by former Senate Republican leader Mike Kopp and CEO of Colorado Concern – a Colorado-centered organization of statewide CEOs advocation for a pro-business environment – saw SB260 as a necessary medium and rejected the need for perfection. Kopp himself stated that the "perfection or nothing" strategy surrounding transportation policy discussions of the last 15 years has "caused a lot of lost time and suffering and paychecks"[40].

The most notable members of the coalition include Lyft, Colorado Association of Realtors, Denver Metro Chamber of Commerce, Colorado Contractors Association, and the Colorado Motor Carriers Association[41]. Lyft, and the members of the above advocacy groups, are all impacted by the new fees in SB 260. Despite having to pay these new fees, this coalition supported the bills' focus on improving Colorado roads through its $5.3 billion overall investment in state transportation projects, and its $2.7 billion injection into the HUTF. It also supported the user-related road-usage and electric vehicle fees. In pushing for the passage of SB260, these business groups echoed the sentiments supporters in the legislature, that new investments in Colorado's transportation funding system were long overdue and that it provides a sustainable, long-term revenue source for transportation projects. The coalition detailed the economic impacts of inaction, that unsafe road conditions and congestion costs the Colorado economy over $8.5 billion a year, and drivers over $2,000 a year[42].

Opposition from Legislature

Republicans in the state legislature remained mostly unified in their opposition to SB 260. Rep. Patrick Neville (R-Castle Rock) criticized the new fees stating that they would disproportionately impact lower and middle-class Coloradans[43]. Opponents also argued that the bill doesn't spend enough money on road and highway projects, criticizing investments made in electric vehicle infrastructure and public transportation. Some raised concerns that the increased taxes and fees on road users would not go toward supporting the infrastructure they were being taxed to use. Sen. Ray Scott (R-Grand Junction) expressed concern over the bill's lack of progress on highway expansion projects[44]. Similarly, Rep. Soper (R-Delta) asserted that "our cities developed around the automobile and should respect the automobile…. we're taking hard-earned dollars from Coloradans and, we're not necessarily going to be putting this where it needs to be[45]."

Opposition from Outside Groups

When Gov. Polis and leaders in the House and Senate introduced SB260, some in the business community were skeptical They disliked that only a quarter of funding for the bill came from taxpayer revenues and that taxpayer revenues were being used for projects – such as EV-charger installation and pollution mitigations – unlikely to relieve congestion[46]. The conservative group Americans for Prosperity (AFP) also opposed the bill. Before SB 260 even passed the legislature, AFP and Colorado Rising Action (a state-based conservative group), would co-sponsor ballot language to be included in 2022 to cut the state gas tax. AFP then announced that it would supplement its ballot-raising efforts stating, "our activists will be out in full force across the state to educate Coloradans about who supported SB260 and ensure that we're able to cut the gas tax on the ballot in 2022."[47] The Colorado chapter of AFP also released polling in February 2021 to support their 2022 efforts to cut the gas tax. Results found that 56 percent of people either "strongly" or "somewhat oppose" new fees on gasoline purchases[48].

On the flip side, some groups argued that the bill puts money in the wrong areas. The Colorado Public Interest Research Group (CoPIRG) came out against many of the traditional highway-centered investments made in SB 260. Despite supporting provisions of the bill that fund main street revitalization efforts, electric vehicle investments, and annual investments in public transportation, CoPIRG criticized the amount of money in SB 260 dedicated to highway-widening and capacity projects. In a testimony delivered to the Colorado State Senate Finance Committee, Executive Director of CoPIRG Danny Katz argued that highway-widening projects rarely solve congestion issues and only further hinder efforts to reduce climate pollution. He suggested to the Committee that guardrails be put in place to ensure the money is only being spent on projects that match with the state's goals on road maintenance, safety, pollution and reducing vehicles traveled[49].

Criticisms after Passage

Criticism of SB 260 has continued through the start of the implementation process. In December of 2021, roughly six months after enactment, the Colorado Transportation Commission (CTC) approved CDOT's new greenhouse gas emission standards, which is a requirement established in SB 260. The rule requires CDOT, and the five major regional Metropolitan Planning Organizations (MPOs), to determine any potential increase or decrease of pollution levels and GHG emissions for any future transportation projections. This is to ensure that projects don't exceed emissions reduction limits set in the bill. Sen. Scott talked about his opposition to the CT rule, stating "highway projects will take longer, get more expensive and be too late to address many of the bottlenecks currently gumming up everything from interstate truck routes to daily worker commutes." Despite criticisms, CDOT Executive Director Shoshana Lew insisted that "we can't build our way out of congestion", in highlighting CDOTs new approach to fixing the state's road and highway network.

Financial Impacts

State Revenue[50]

Table 1 – State Revenues Under SB 260

	FY 2021-22	FY 2022-23	FY 2023-24
Highway Users Tax Fund*	($32.8 million)	$28.6 million	$97.0 million
Multimodal Options Fund*	-	$6.8 million	$7.6 million
Electric Vehicle Grant Fund*	-	$0.1 million	$0.2 million
Bridge and Tunnel Enterprise	-	$23.4 million	$33.4 million
Community Access Enterprise	-	$19.4 million	$21.7 million
Clean Fleet Enterprise	-	$17.3 million	$19.6 million
Clean Transit Enterprise	-	$8.4 million	$9.4 million
Air Pollution Enterprise	-	$9.2 million	$11.1 million
Total	**($32.8 million)**	**$113.2 million**	**$200.1 million**
Total Subject to TABOR	($32.8 million)	$35.5 million	$104.8 million
Total Exempt from TABOR	-	$77.7 million	$95.3 million

** This revenue is subject to the TABOR limit.*

The Colorado Legislative Council estimates that SB260 initially decreases revenues by $32.8 billion for FY 2021-22, and then increases state revenue by $113.2 million in FY 2022-2023 and $200.1 million in FY 2023-2024 (see table 1 above). Revenue increases will then continue to grow in the following years. The above table also shows which revenues will be subject to or exempt from the state TABOR limit.

Table 2 – HUTF Revenues Under SB 260[51]

Fee Type	FY 2021-22	FY 2022-23	FY 2023-24
Road Safety Surcharge	($32.8 million)	($49.5 million)	($16.9 million)
Road Usage Fees	-	$60.1 million	$91.8 million
Fuel Taxes	-	($0.1 million)	($0.1 million)
Electric Vehicle Registration Fees	-	$0.4 million	$1.0 million
Daily Rental Fee	-	$0.9 million	$2.4 million
Retail Delivery Fee	-	$16.8 million	$18.8 million
Total HUTF Revenue	**($32.8 million)**	**$28.6 million**	**$97.0 million**

Most of the bill's impacts on state revenue come from within the HUTF (see table 2 above). The decrease in the road safety surcharge, by $11.10 in 2022 and $5.55 in 2023, is estimated to reduce HUTF revenues by $49.5 million and $26.9 million respectively. Revenue from consumption fees, assessed on gas and diesel fuel purchases, will provide $60.1 million in HUTF revenues for FY 2022-23 and $91.8 in FY 2023-24. The electric vehicle registration fees, which include inflation adjustments as well as the new electric vehicle fee, will provide $0.4 million and $1.0 million in FY 2022-23 and FY 2023-24. The daily rental fee, which is newly indexed for inflation and broadened to include car share services, will provide $0.9 million and $2.4 million in revenues for the following two fiscal years. Lastly, the new retail delivery fee will provide $16.8 million in revenue its first year if implementation and $18.8 million for its second. Revenues from all the above HUTF-related fees will continue to grow in subsequent years.

Table 3 – HUTF Distributions Under SB 260[52]

	FY 2021-22	FY 2022-23	FY 2023-24
State Highway Fund	($19.7 million)	$13.8 million	$54.4 million
Counties	$6.0 million	$14.7 million	$23.4 million
Municipalities	$4.9 million	$12.1 million	$19.2 million
Total HUTF Distributions	**($8.8 million)**	**$40.6 million**	**$97.0 million**

Revenue deposited or transferred to the HUTF is allocated to the State Highway Fund, counties, and local municipalities. Of the revenue collected through fees to the HUTF, 60 percent is allocated to the State Highway Fund, 22 percent to counties, and 18 percent to municipalities. Of revenues transferred to the HUTF from the general fund, 55 percent is doled out to counties and 45 percent to municipalities. The total number of HUTF distributions for FY 2022-233 differs from the total revenue in table 2 as it includes a one-time transfer of $12 million. For the remaining fiscal years, HUTF revenues will equal HUTF distributions.

Table 4 – Maximum retail and delivery fees for FY 2022-2023[53]

Retail Delivery Fees	
State (Highway Users Tax Fund)	5.97¢ / delivery
State (Multimodal Options Fund)	2.43¢ / delivery
Bridge and Tunnel Enterprise	2.70¢ / delivery
Community Access Enterprise	6.90¢ / delivery
Clean Fleet Enterprise	5.30¢ / delivery
Clean Transit Enterprise	3.00¢ / delivery
Air Pollution Mitigation Enterprise	0.70¢ / delivery
Total of Retail Delivery Fees	**27.00¢ / delivery**
Ride Fees (Full Price)	
Clean Fleet Enterprise	7.50¢ / ride
Air Pollution Mitigation Enterprise	22.50¢ / ride
Total of Ride Fees (Full Price)	**30.00¢ / ride**
Ride Fees (Discounted)	
Clean Fleet Enterprise	3.75¢ / ride
Air Pollution Mitigation Enterprise	11.50¢ / ride
Total of Ride Fees (Discounted)	**15.00¢ / ride**

Revenue generated from the creation of four new enterprises is attributable to the new retail delivery feed and the ridesharing fees. The above table (table 4) breaks down the total delivery and ridesharing fees based on state programs and enterprises imposing them. For example, of the total $0.27/delivery fee assessed on retail deliveries, a fee of $0.069/delivery is imposed by the Community Access Enterprise. Similarly, of the $0.30/ride fee on ridesharing companies, $0.075/ride is imposed by the Clean Fleet Enterprise and $0.225/ride is imposed by the Air Pollution Mitigation Enterprise. All the revenue collected by enterprises is exempt from the state TABOR limit.

Table 5 – Fee Impacts for FY 2022-23[54]

Type of Fee	Proposed Fee	Number Affected	Total Fee Impact
Road Usage Fee	$0.02/gallon	3.01 billion gallons	$60.1 million
Bridge and Tunnel Impact Fee	$0.02/gallon	0.79 billion gallons	$15.8 million
Road Safety Surcharge[1]	($8.33)/vehicle	5.9 million vehicles	($49.5 million)
Battery Electric Vehicle Fee	$4.00/vehicle	60,000 vehicles	$0.2 million
Plug-in Hybrid Vehicle Fee	$3.00/vehicle	21,000 vehicles	$0.1 million
Retail Delivery Fee	$0.27/delivery	281 million deliveries	$75.9 million
TNC Ride Fee (not discounted)	$0.30/ride	29.6 million rides	$8.9 million
TNC Ride Fee (discounted)	$0.15/ride	5.2 million rides	$0.8 million
Other Fees[2]	-	-	$1.1 million
		Total Fees[3]	**$113.4 million**

The above table (table 5) details the impact by fee on individuals and businesses for FY 2022-23. For instance, the consumption fee assessed at $0.02/gallon will be collected on an estimated 3 billion gallons of total gas pumped by consumers for the year, which will generate $60.1 million. Similarly, the TNC Ride Fee on motor vehicles assessed at $0.30/ride will be collected on an estimated 29.6 million rides taken by Coloradans for the year, which will generate $8.9 million.

State Transfers

Table 6 – Transfers under SB 260[55]

	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
General Fund	($507.0 million)	$17.1 million	$32.5 million	($50.0 million)
State Highway Fund	$355.2 million	($42.8 million)	($43.0 million)	$39.5 million
Highway Users Tax Fund	$24.0 million	$12.0 million	-	-
Multimodal Options Fund	$125.3 million	$13.7 million	$10.5 million	$10.5 million
Southwest Chief Fund	$2.5 million	-	-	-
Net Transfers	**$0**	**$0**	**$0**	**$0**

SB 260 also includes several transfers from the general to various cash fund, as well as between various cash funds. In FY 2021-22, SB 260 makes one-time transfers of:

- $355.2 million from the General Fund to the State Highway Fund ($8.2 million to be used for CDOTs Revitalizing Main Streets Program).
- $24 million from the General Fund to the HUTF, to go entirely to local governments. An additional $12 million transfer will be made to the HUTF in FY 2022-23.
- $127.8 million from the General Fund to the Multimodal Options Fund.
- $2.5 million from the Multimodal Options Fund to the Southwest Chief Fund.

Additionally, SB260 creates recurring transfers for FY 2022-23 through FY 2031-32 of:

- $10.5 million from the General Fund to the Multimodal Options Fund
- $7.0 million form the General Fund to the State Highway Fund to be used for the Revitalizing Main Streets program

For FY 2024-25, SB260 also creates an annual transfer of $82.5 million from the General Fund to the State Highway Fund.

State Expenditures

Table 6 – Administrative Expenditures under SB 260[56]

	FY 2021-22	FY 2022-23	FY 2023-24
Department of Transportation (CF)	$1,139,391	$1,297,883	$1,284,305
Department of Revenue (GF)	$1,187,638	$258,797	$238,585
Colorado Energy Office (GF/CF)	$416,365	$892,400	$887,600
Dept. of Public Health and Environment (GF/CF)	$2,039,908	$2,861,942	$2,801,451
Public Utilities Commission (GF)	-	$75,000	-
Total Cost	**$4,783,302**	**$5,386,023**	**$5,211,941**

Overall, total expenditures for state agencies involved with implementing SB 260 will increase by $4.7 million in FY 2021-22, $5.3 million in FY 2022-23, and $5.2 million in FY 2023-24. These expenditures include costs associated with establishing new enterprises, managing new fees, and conducting various projects and studies as required by the bill. In FY 2021-22, all costs will be paid by the State Highway Fund. For the following years, administrative expenditures for new enterprises will be paid by the enterprises themselves.

Bottom Line

SB 260 was an effort years in the making. Transportation advocates in Colorado had tried, and failed, to increase funding for decades. In a 10-year plan released by CDOT in 2017, the agency reported a $9 billion infrastructure funding backlog. That report fueled new efforts to increase funding, as indicated by the failed propositions in 2018 and 2019 following the release of the report. Eventually, these efforts culminated in the passage and enactment of SB 260.

Having the support of political leaders in the state was paramount to the success of the bill. The support of political leaders was buoyed by support from outside organizations. Business-backed groups and organizations, many of whom would incur costs associated with the new fees, coalesced to support SB 260. They ultimately understood that paying new or increased fees – whether it be on rideshares or diesel fuel purchases – would help lower the long-term costs of service and delivery linked with unsafe roads and increased congestion. As implementation of SB 260 continues, ARTBA-TIAC will monitor project developments in Colorado.

References

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