



Good morning Mr. Chairman and members of the Joint Committee, my name is Tony Milo and I'm Executive Director of the Colorado Contractors Association. CCA represents contractors statewide who perform the vast majority of all public works projects in the state including roads, bridges, airports, water, waste water facilities and underground utilities. In addition we represent more than 150 companies statewide who provide materials, equipment, goods and services to the contracting community.

Vehicle travel in Colorado increased by 55 percent between 1990 and 2009, from 27 billion vehicle miles of travel (VMT) to 43 billion VMT. Vehicle travel in Colorado is projected to increase by another 45 percent by 2020, to 62 billion vehicle miles of travel.

Meanwhile, the CDOT budget has plummeted in real dollars by nearly 1/3. CDOT's long range plan documents a \$48 billion dollar shortfall through the year 2030 just to sustain current performance levels of our state and local transportation system.

Colorado traffic continues to outpace our ability to expand congested corridors. Traffic congestion impacts Coloradans quality of life, creates unsafe conditions and lowers productivity. Reducing congestion on our highways and surface streets will enhance the quality of life for all Coloradans and keep Colorado a desirable place to live, work and raise a family.

More fuel efficient vehicles and rising construction material and labor costs continually erode the purchasing power of the funds raised by Colorado's flat per gallon fuel tax. Every year that we wait to address this growing problem it will cost more to fix.

In order to continue to grow and foster economic vitality, Colorado needs visionary leaders who will embrace a strategic long term solution to address this state's transportation needs.

The fuel tax has been a reliable, fair and equitable user fee for motorists for many years. However a number of factors have led to the fuel tax quickly becoming a failed model in terms of fairness, equity and ability to raise the funds adequate to provide Colorado motorists with an efficient, safe and reliable system of roads, streets and highways.



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- As vehicles become more fuel efficient motorists purchase less gas while still placing the same demands on the highway system. This reduces revenue to the Highway User Tax Fund while costs to repair, maintain and expand the system continue to increase.
- As alternate fuel vehicles become more popular these vehicles utilize the highway system but may contribute little or no user fees into the Highway User Tax Fund.
- The state gas tax of 22 cents per gallon has not been increased since the early 90's. According to CDOT every \$1 raised for the HUTF currently has only 48 cents of purchasing power compared to 1991.
- Increasing gas taxes has proven to be very difficult and politically unpopular with voters.
- Even if the gas tax was increased, it would eventually erode due to continuing increases in fuel efficiency and popularity of alternate fuel vehicles.

We believe that the answer for the future of funding our transportation system lies in a simple, fair and equitable Mileage Based User Fee. The current Colorado State Gas Tax and registration fees dedicated to the HUTF could be eliminated and replaced with a MBUF of about 1.7 cents per mile. While this would be a revenue neutral measure, it would capture a fair share of revenue from those driving alternate fuel vehicles and not further erode as the MPG of vehicles further increases.

Furthermore, we think the case could be made to make the fee 2-3 cents per mile dedicating the funds to improving the transportation system they are using and providing great value for the motorists and those who wish to move goods and services throughout our state.

The MBUF could be implemented quickly in a low-tech manner that would ease the worries of those concerned about Big Brother watching them. It could be as simple as a self reported mileage statement that could be audited by a third party much like our emissions testing is performed.



We believe that a MBUF system is the purest and most fair user fee system there is to fund the growing needs of our roads, streets and highways. Furthermore, over time, the system could be used to better manage the system by utilizing demand pricing and provide discounts to drivers who choose to travel when traffic is lighter.

I've only scratched the surface of what implementing a MBUF could do for Colorado's transportation system. I would encourage this joint committee to devote more time to further exploring the concept this summer as part of your work over the Interim.

Thank you for your time and attention. I would be happy to answer any questions of the Committee.