

# **Summary Notes**

## **Proposals Working Group**

### **June 17, 2008**

Purpose: This group will discuss potential funding options for legislative consideration including a review of funding options considered by the panel.  
Carla Perez, Governor's Office, will present approach

Convener: Doug Aden

Partial list of Participants: Doug Aden - Working Group Chair (Transportation Commission/Panel) Bill Moore (Pueblo/TAC), Bill Vidal (Denver/TAC), Carl Maxey (Maxey Company/Panel), Chip Taylor (CCI), Dave Shelly (RTD), Debra Baskett (Broomfield/TAC), Greg Fulton (CMCA), Kevin Hougen (Aurora Chamber), Kevin O'Malley (Panel), Lynette Dilbeck (AAA-Colorado), Mark Radtke (CML), Michael Penny (Frisco/Panel), Ray Paker (PB/Panel), Rep. Don Marostica (State Representative), Rich Mauro (DRCOG), RJ Hicks (Hicks and Assoc.) Saskia Young Dehring (Capitol Solutions), Steve Pomerance (BSO), Tony Milo (CCA/Panel)

Staff: Carla Perez, Heather Copp, Ben Stein, Melissa Nelson, Scott Richrath

#### **Objectives:**

- This Proposals group should accomplish (1) good understanding of where we're starting and (2) develop a proposal that coalition can build into next several months of conversation. Get as far as we can on a proposal by September. Less opportunity to make headway during election. Right after the election, be prepared to move forward with recommendations.
- Must be timely. BRP thresholds only looked at getting there with state resources. Some legislators want a re-examination of things like tolling. One proposal or multiple proposals. Need to be flexible. This group will present to larger group once proposal is developed.

#### **Indexing Considerations:**

- TABOR implications.
- How does indexing in public sector differ from fuel surcharge in private sector?
- Phasing in of increased fuel tax – national vs. state.
- Business implications – predictability of expenses.
- Target indexing to funding source you are considering.
- Utilize caps, floors, steps. Indexing without caps can make Colorado non-competitive.

#### **Additional Criteria not Considered by BRP/TAC:**

- Transparent – need to be transparent with projects done. Panel did not pick projects.
- Benefits: Incorporate Governor's climate action plan.

- Explainable/understandable: E.g. 30% Fix-it-First and other investment categories or programs divided equally.
- Condition and capacity. First \$500 million for condition.
- Balanced – local share back
- Washington State as example?

#### **Other issues:**

- Legislative concerns that \$1.5B might be inflated.
- Proposal of \$1.5B does not account for fed and state reductions or inflationary issues.
- If \$1.5B is the goal, need polling to determine public stomach. May take multiple actions (legislative and voters) to reach the goal.
- Need to have updated figures and assumptions (FY09 and beyond).
- Hard costs (maintenance) needed immediately.
- Benefits: Distribution (local share back), Incidences (who will actually benefit?).

#### **Fuel Tax Considerations:**

- Is this even feasible right now given high fuel costs?
- Tie fuel tax to surface treatment and public will understand.
- Fees vs. taxes: How does public feel about paying out? Annual vs. more regularly.
- Polling (education committee assignment).
- Sliding scale based on price? As/if gas prices drop, raise fuel tax.
- Timing is important.
- Consider surrounding states and their fuel taxes.
- Consider other energy sources. VMT vs. Fuel tax. Transition. Adapt.
- Apply fuel tax to exempted entities. CDOT to run numbers on exemptions.
- Federal education is just beginning. State increase may confuse public.

#### **General Tax Considerations:**

- Indexing built in.

#### **Registration Fee Considerations:**

- Administration is in place.
- Lower number. \$100 average not acceptable to public.
- Highway safety fee acceptable to many.
- Must poll.
- Range (phase in over time).
- Use a different message.
- 1¢ per pound maintenance fee.
- SOT / Property tax. Should SOT be revised?
- Tied to odometer. How much you drive or use.
- Tap all people that use Colorado roads rather than just Coloradans.
- Institute floor at \$25 per vehicle.
- May want to work with counties to overhaul SOT structure. Revenues falling as vehicles live longer. Local share, state share, flexible.
- Rates haven't been looked at in a long time. Counties could use increase in SOT.

- Temp tag fee increase (500,000 vehicles?).
- Collector fee plates (100,000 vehicles?).
- Exemptions on registration fees. Review.
- Special events plates.

**Visitor Fee Considerations:**

- Concerns about \$6 per day rate as inequitable.
- May need to use percentage, though a tax / TABOR issue.
- What are we capturing in sales from visitors?

**Severance Tax Considerations:**

- Eliminate ad valorem property tax credit – fall ballot initiative?
- Multiple severance tax proposals.
- Boom & bust cycle.

**Some Additional Comments:**

- Funding within existing budget does not increase pie.
- Use PPP to help with shortfall.
- Consider tolling existing versus new. Multiple corridors.
- Ad Hoc tolling committee analyzed tolling of new capacity by corridor. Little consensus on tolling existing vs. new capacity.
- Transit funding most plausible from general sales tax.

- **TTD:**

Analyze cost of current exemptions.

When were registration fees and SOT last changed?

What are we capturing from visitors in sales tax. Tim has that data.

Gov't relations. Track down estimates for ballot measures.