

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.

