Technical Advisory Committee's Progress Report #1 to the Colorado Transportation Finance and Implementation Panel: Options for Discussion (Not Formal Recommendations)

August 24, 2007
Breckinridge, Colorado

Introduction

The Technical Advisory Committee hereby presents to the Colorado Transportation Finance and Implementation Panel a progress report which includes a range of revenues options for increased state investment. This document seeks to provide an understanding of the policy implications associated with a number of the revenue raising options under consideration. For consistency, this discussion is divided into segments. The first will address the state transportation system and the potential impact of investing $340 million, $500 million, and $1 billion annually in constant 2008 dollars at the state level. The second portion will discuss the implications of each the alternative presented.

Investing in the Transportation System

Sustaining the statewide transportation system at its current level of performance will require a significant additional annual investment. Sustainment includes congestion management, safety projects, routine maintenance, and "deferred maintenance" (the reconstruction or renovation of existing roads, bridges, and tunnels). According to the 2030 Statewide Transportation Plan, sustaining the state highway system at current levels of safety, mobility, surface condition, and general upkeep and repair will cost an additional $65 billion in constant 2008 dollars or $2.6 billion annually each year for the next 25 years. This number is significant because it does not include any additional money to support transit, aviation, local governments or expansion of the system beyond its current configuration.

CDOT is currently in the process of developing a 2035 Statewide Transportation Plan. CDOT's transportation management system indicates that an additional $1.5 billion per year above currently budgeted funding is needed just to maintain the existing physical infrastructure and present system performance. The transportation planning regions continue to gather information for the regional priority portion of the plan. Regional priorities include, significant items such as improvements to highway shoulders that CDOT's performance measurement systems do not capture. The system considers the material state of the existing shoulders but not their adequacy. When completed, the annual investment requirements for transportation, calculated in constant 2008 dollars for the 2035 plan, will likely exceed the funding amounts identified in the 2030 plan.

The following chart summarizes the tentative 2035 backlog figures, using FY 08 budget for allocation:

Investment Category	Current Allocation	Backlog (Add'l $ needed)	Annual Total *
7th Pot	$223,968,827	$284,868,758	$508,837,585
System Quality	$306,954,023	$349,928,515	$656,882,538
Mobility	$209,790,078	$793,021,934	$1,002,812,012
Safety	$111,903,329	$111,213,788	$223,117,117
Program Delivery	$174,538,301	-	$174,538,301
Regional Priorities	$28,247,844	undetermined	$28,247,844
Totals	$1,055,402,402	$1,539,032,995	$2,594,435,397

Subject to 2035 planning process outcome

* Annual total needed for 10 years to reach targets

The advisory committee proposes an incremental process to increase revenues with a first step at one of the three levels noted above. There is nothing "magic" about these three figures they are simply presented for discussion purposes. In fact, no one of these three is sufficient to prevent system performance from deteriorating. Consequently, the Panel may also wish to consider raising additional revenues to meet the entire backlog, $1.5 billion per year. Doing so would fully maintain the state transportation system's physical infrastructure and operational performance. Another possibility is to actually enhance the existing transportation system $2.6 billion per year. For brevity, these two options are not discussed here but if the Panel so desires, possible uses of those amounts are available.

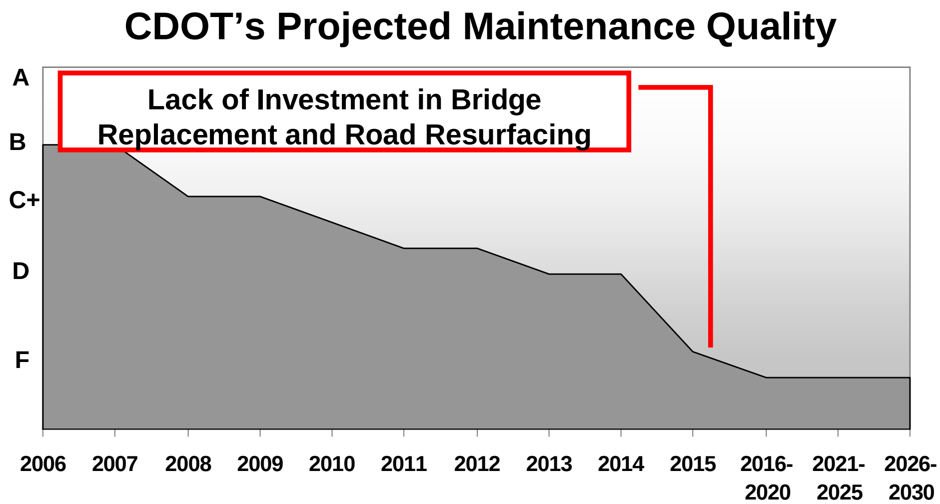
The Technical Advisory Committee suggests for discussion purposes a process where every five or six years the resource needs of the transportation system are reevaluated. In addition it is important to note that (1) the additional revenues presented here are those actually distributed to CDOT to meet statewide transportation needs, not the amounts received by all the entities responsible for state's transportation infrastructure, (2) the current statutory shares and sources of revenue remain in place, and (3) no alterations to the current the constitutional restrictions on the uses of fuel taxes and vehicle related fees.

Possible Uses of $340 Million Net Additional Revenue to the State:

An additional $340 million investment in transportation would have a significant impact upon the condition of the state highway system. This is roughly the amount the state currently budgets annually to support the department's existing maintenance patrols. These maintenance patrols provide for the day-to-day operation of the state highway system. Activities include snow and ice removal, mowing, minor road, bridge, tunnel, and traffic signal repair, rock fall mitigation, and other essential maintenance actions.

The objective of the maintenance patrols is maintaining a service level of "B" (the Transportation Commission's goal for maintenance) on all state highways. At present funding levels the maintenance patrols cannot meet this goal. In fact, the FY 2008 budget projects the overall level of service will drop to **C+** from the present level of **B** and will begin a precipitous decline to **F** by 2016 (see figure below) unless about $340 million in additional resources are directed toward highway maintenance. The key factor in this decline is that absent a significant increase in the performance of deferred maintenance the workload for the patrols will increase exponentially.

Fully funding routine maintenance from a new or increased revenue source would make available the funds currently expended for routine maintenance for other investments such as deferred maintenance. An investment sufficient to meet the deferred maintenance needs for surface treatment and bridge repair on the current system is estimated at about $344 million per year. Such an investment would have a substantive impact on the condition of the state highway system. Specifically it would allow the department to meet the Commission's goal of 60% good pavement and 40% poor and to prevent a tripling in the backlog of bridge deck replacement from its current level.



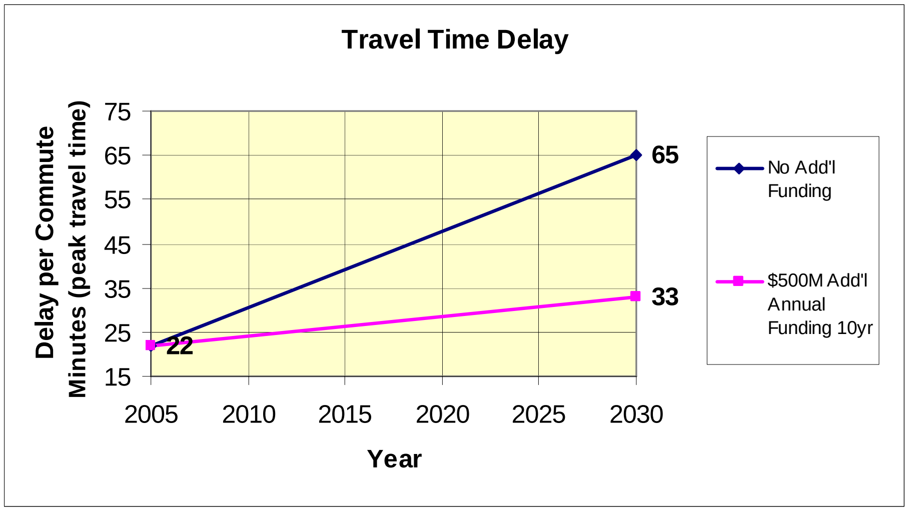
Level of service (LOS) targets have been established for nine Maintenance Program Areas, which involve the delivery of maintenance services encompassing about 70 individual activities. Program areas include: road surface, roadside facilities, roadside appearance, traffic striping, traffic signing, structures and snow & ice.

Possible Uses of $500 Million Net Additional Revenue to the State

At the $340 million level discussed above, the impact of additional resources focuses on rehabilitating and repairing current structures and roadways. Doing so greatly extending their useful lives. No funds are made available to provide any additional roadway capacity, nor are additional funds made available for either transit or aviation. If the total additional revenue raised is $500 million, however, the state will have sufficient resources not only to invest in deferred maintenance and extending the lives of existing roads and bridges, it can also have an impact on other critical state transportation needs. It could, for example, accelerate the completion of the Strategic Transportation Project Investment Program (also known at the "7th pot") established by the Transportation Commission in 1996. Completing the remaining projects in the program will cost about $3.0 billion in 2008 dollars and, according to current resource allocation forecasts, completion will occur in 2025. Dedicating an additional $160 million per year to the program will allow for accelerated completion by 2019. Completing these important projects substantively improves the statewide transportation system, since these are all vital projects that will improve safety, mitigate congestion, and enhance economic development. Alternatively the state could use these funds to begin some other capital construction program ("8th pot") focused on some alternative goal such as safety.

Possible Uses of $1 billion Net Additional Revenue to the State

At the $1 billion level the opportunities to invest other transportation improvements – such as congestion mitigation – further increase. $500 million over and above the efforts noted above creates the possibility to significantly impact the rate at which congestion is increasing in some of the state's most critical corridors. Congestion is rapidly increasing on Colorado's highway system with all of its attendant costs in lost time, increased environmental damage, and wear and tear on roads and vehicles. The figure below provides some idea of the congestion problems Colorado faces in the coming years. Depending upon revenue sources, the state could also make additional investments in transit, aviation, or other transportation purposes. To fully address the state's current backlog of congestion relief projects would require about $793 million in additional annual expenditures. This additional $500 million in annual receipts would allow for investments to address about 60% of the identified congestion issues making a real impact on the rate at which congestion in Colorado worsens.



Bonding

If additional revenues beyond the $340 million outlined in the first scenario are made available to the state, serious consideration is merited for a bonding program. A bonding program would operate similarly to the Transportation Revenue Anticipation Notes issued to accelerate the completion of many of the 7th pot projects. The advantage of bonding is that it accelerates the completion of projects. Bonding does so borrowing money today against payments the state will have to make in the future. If construction costs continue to grow faster than the rate of inflation, as they have in recent years, bonding can allow for the completion of projects at a lower cost. The disadvantage of bonding is that repaying the bonds typically requires repayment to continue for many years after the project is completed. So, unless the repayment source for the bonds is a dedicated one separate from those funds historically used to pay for ongoing operations and project work, issuing them can cause budgetary problems in subsequent years.

In these three scenarios bonding is probably not viable at the $340 million level since all the additional investments in that alternative are for maintenance activities. Maintenance activities are tied to annual cycles for essential maintenance. Logically maintenance is only performed when sufficient time has passed and enough wear and tear has occurred that it is needed. In the $500 million and the $1 billion cases, however, bonding may prove an attractive option. Presuming the first $340 million goes for maintenance in the $500 million alternative the state could probably bond for about $1.4 billion with annual repayments extending over 20 years at $115 million per year. In the $1 billion alternative the state could theoretically bond for about $5.8 billion with annual repayments of $471 million for 20 years. Further information regarding bonding will be presented in a subsequent presentation.

Part II: Raising Revenues.

The Technical Advisory Group has looked closely at a wide range of options for raising the investment amounts noted above. Attached is a list of those potential revenue sources the Group has examined along the way. It is presenting to the Panel the following options for the near term:

1. Apply a Highway Maintenance Fee to All Registered Vehicles
2. Increase the Motor Fuel Tax
3. Implement a Visitor Tax on Tourist-related Amenities (auto rentals and lodging
4. Increase the State Income Tax Rate and Allocate the Increase to Transportation
5. Use a Combination of the Fuel Tax, Vehicle Maintenance Fee, and the Vehicle Rental and Lodging Tax to raise a Predetermined Level of Funding for Transportation

Assumptions used in the examination of all these options include:

1. All currently projected statutory and constitutional revenue streams remain in place. As a part of that assumption, SB97-01 generates full transfers to CDOT through 2035 and also receives HB02-1310 transfers when projected in the economic forecasts.
2. The existing entities that receive “Off the Top” funding will at a minimum pay for any future increases in their share of the revenues received by the HUTF through increases in fee and fine revenue.
3. Revenue generated by any vehicle related fee or by a tax on motor fuels remains constitutionally restricted to use on public highways. Some or all of the revenue generated by a more general tax (sales or income) is available to support transit, aviation or other transportation priorities.
4. The revenue numbers presented assume all the money raised is disbursed to CDOT. If a share of the additional revenue is allocated to local governments, as is current policy with both vehicle registration fees and with motor fuel taxes that amount should be added to the numbers provided here.
5. All incremental revenues generated from these options are exempted by the voters from any TABOR revenue limitations and have no effect upon the calculations embedded in Referendum “C” that may trigger a reduction in the state’s income tax rate.

In addition to these assumptions, the Committee has structured the presentation to provide the Panel with options from two distinct categories of revenue measures. The first category is “user fee” based and includes the motor fuel tax and the highway maintenance fee. The second is “general tax” based and uses sales and income taxes. In considering the options this difference is an important factor for the Panel to consider. User based revenues are constitutionally restricted to the highway system. Sales and income taxes, on the other hand, are, with some exceptions (old age pensions, Amendment 23, and SB97-01 for example) available for appropriation at the discretion of the General Assembly. Consequently proposals to dedicate additional moneys from these sources to transportation may be perceived as competing with other programs that are largely the responsibility of state government.

For the long term and more specifically once the technology to implement such a program is sufficiently mature the advisory group recommends shifting to reliance on a Vehicle Miles Traveled (VMT) Fee. The VMT Fee will be addressed in a separate paper.

Other items not addressed in this document are tolling, Private Public Partnerships, and some sales tax options. The Group anticipates providing additional information on these items and, if so requested by the Panel, others at a future date.

Each of these revenue options has a set of issues the Panel needs to consider when deciding upon the course it ultimately chooses. The Technical Advisory Committee suggests that the Panel consider the use of each of these options and also consider the use of a combination of them rather than viewing them separately. A possible combination to illustrate this concept is included. To assist the Panel a brief discussion of the implications of each of the options is provided:

Revenue Option #1: Apply a Highway Maintenance Fee to All Registered Vehicles

Specifics: Statutorily create a new annual, “State Highway Maintenance Fee” per registered vehicle. Dedicate all proceeds (net of costs of administration) to funding the annual maintenance operations for the state highway system.

Rationale: Well-maintained roads are essential for the effective use of vehicles. Whether a vehicle is used sparingly or extensively a well maintained highway system allows the vehicle to make the trip expeditiously and without incurring damage. The State Highway Maintenance Fee is designed to provide such roads through the imposition of a user fee.

Administration: Incorporate as part of the current annual vehicle registration renewal process operated by the County Clerks. Since this higher amount may prove difficult for individuals to pay all at once, it may make sense to allow for payment in monthly or quarterly installments. Doing so, however, will substantially increase the administrative cost to the County Clerks. If the distribution of the incremental revenues differs from existing law, gathering the necessary information and performing the calculations may impose a modest additional burden upon CDOT, and the Departments of Revenue and the Treasury.

Constitutionality: Article X section 18 of the Colorado Constitution requires that any charge with respect to the operation of a motor vehicle upon the public highways be used exclusively for the construction, maintenance, and supervision of the public highways. The intended use of this fee appears to comply with this stricture of the constitution.

Estimated Fee Calculation: At present there are approximately 4.8 million vehicles registered to operate in Colorado. Annual registration fees currently generate about $190 million for the HUTF. For illustrative purposes an average fee per vehicle of approximately $68.00 would generate around $340 million. The calculation presumes that the imposition of this additional fee will not affect either the current number of vehicle registrations or deter additional registrations in the future. Presuming the fee varies with the weight of the vehicle, the actual amount a particular individual or business may pay per vehicle will vary significantly from this figure.

Who pays motor vehicle registration fees? Data was not available to determine what percentage of this fee would be paid by business and what portion paid by individuals. Presumably, the burden would be shared between business and individual taxpayers. Flat rate fees, because they are the same for payers at all income levels, are by their nature regressive. Since heavier vehicles place more wear upon the roadways, making the fee vary based upon the weight of the vehicle would be more proportional to highway use. Vehicles registered out of state do not pay this fee. Consequently the primary disadvantage of this concept is that it does not include a mechanism to recoup the costs imposed upon the state highway system by those vehicles registered out of state.

Competitive Position of the State. Colorado already appears to have a substantial competitive problem with the registration of both commercial vehicles and recreational vehicles due to the relatively high Specific Ownership Tax (a property tax collected by the counties and distributed to their local governments) imposed. Anecdotal evidence is that large numbers of these types of vehicles are registered in other states to avoid Colorado’s sales tax and specific ownership tax, from which CDOT receives no income. The imposition of this fee may exacerbate this problem, particularly if the fee is graduated based upon vehicle weight.

Reliability, Sufficiency, and Vulnerability of the Revenue Stream. This revenue source is a fairly reliable and stable one. It is unlikely that the number of motor vehicle registrations is going to decline significantly over the forecast horizon but there is a possibility that some individuals will seek to register their vehicles in neighboring states.

Revenue Option #2: Increase the Motor Fuel Tax

Specifics: Refer a measure to the voters to increase the excise tax on all motor fuels and subsequently either index the tax to the rate of inflation or incorporate in the measure a schedule of additional future incremental rate changes.

Rationale: Historically Colorado has relied upon motor fuel taxes to finance public roads. The taxes collected are disbursed through a set of tiered formulas to the state, county, and municipal governments.

Administration: The mechanisms to collect this tax are well established with low rates of evasion.

Constitutionality: Article X section 18 of the Colorado Constitution requires that any excise tax on liquid motor fuels be used exclusively for the construction, maintenance, and supervision of the public highways. This use complies with the constitution.

Estimated Tax Calculation: To assist the Panel in evaluating the use of this tax a range of calculations is provided in the following table:

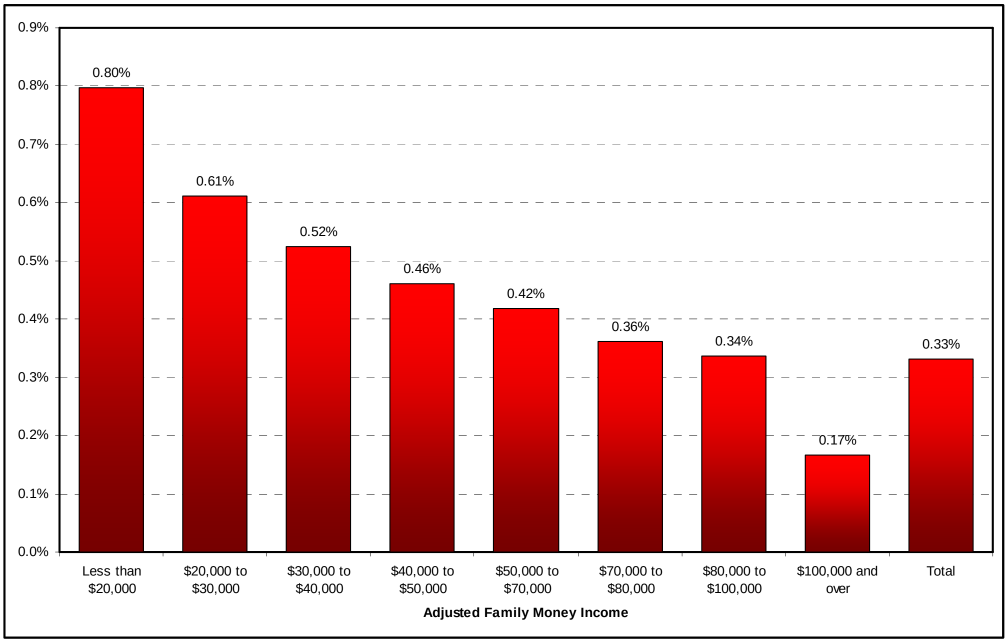
Colorado Motor Fuel Tax

Motor Fuel Tax Revenues				
	Gas	Diesel	Total Revenue	Comments
Current Colorado Excise Tax on Fuel	0.220	0.205	$577,100,000	FY 2006 gas, gasohol, and diesel.
	Excise Tax per Gallon		Net Incremental Impact to Colorado	
Bring Colorado to National State Average	0.184	0.244	($52,948,725)	Each state weighted equally.
Bring Colorado to National Weighted Average	0.211	0.221	($10,139,932)	States weighted by VMT.
Bring Colorado to Mountain Region Average	0.228	0.208	$18,013,076	
Bring Colorado to rate inflated from 1998	0.266	0.248	$116,730,987	If inflated for past decade.
Bring Colorado to rate inflated from 1991	0.347	0.312	$319,241,444	Gas tax last changed in 1991.
Bring State Highway Fund an added $300M (60/40 split)	0.413	0.398	$500,000,000	Replace peak SB-1 & HB-1310.

Who pays the motor fuel tax: The majority of fuel taxes are paid by individual and business residents of Colorado. However, given the health of the tourist industry in the state as well as the central location of the state as it relates to shipping routes, some portion of fuel taxes is paid by those who do not live in the state. Competitive pressures may result in the distributors or retailers of motor fuels absorbing some or all of the increase in the short term, but over time this additional cost will be borne by consumers.

Generally, the absolute contribution to fuel tax revenues increases as income increases. However, when the burden is measured as a proportion of family income, the state motor fuel tax is a regressive one. A regressive tax means that lower income families dedicate a larger percentage of their annual family income to the tax and this percentage consistently decreases as incomes increase. This effect is demonstrated in the figure below.

Fuel Tax Burden, FY 2003-04



Source: Consultant calculation from data from Colorado Department of Revenue, Office of Research and Analysis

Competitive Position of the State. For FY 2004-05, the latest national comparison data available, Colorado's ranking for fuel tax burden relative to income was in the bottom half of the nation, suggesting that a modest increase should not render the state uncompetitive. However, it is important to note that at times in the past when increases to fuel taxes were instituted, particularly to diesel fuel, revenues did experience a temporary (generally one year only) decline. In all instances, the revenues ultimately recovered and continued on an increasing trajectory. For changes in the future, the interstate trucking industry likely would be more prone to a change in driving habits than would individuals, making diesel fuel purchases subject to stronger competitive pressure than gasoline. Of Colorado's seven neighboring states, Oklahoma and New Mexico (13 cents), and Arizona (18 cents) have lower diesel fuel tax rates. The table below shows Colorado's ranking nationally with particular emphasis on its neighboring states.

Fuel Taxes per $1,000 of Personal Income, FY 2004-05

State	Amount	Rank
Colorado	**$3.58**	**35**
Arizona	$4.29	25
Kansas	$4.98	13
Nebraska	$5.46	9
New Mexico	$4.40	21
Oklahoma	$4.14	29
Utah	$5.54	8
Wyoming	$3.83	32

Source: Consultant calculation from US Census Bureau data

Reliability, Sufficiency, and Vulnerability of the Revenue Stream. The motor fuel tax as currently constructed is a flat rate per gallon. Under this proposal the rate would adjust for inflation but it is still adversely impacted by increases in fuel efficiency, travel behavior changes, and modal shifts to mass transit. Furthermore, the consumer price index does not highly correlate to the rates at which construction prices typically increase. Over time, this revenue source is projected to become increasingly insufficient as a major funding source for transportation needs and will require replacement with an alternate source.

Revenue Option #3: Implement a Visitor Tax on Tourist-related Amenities (auto rentals and lodging)

Specifics: Refer to the voters a measure to implement a tax upon automobile rentals and lodging. Dedicate the additional revenue generated to transportation related projects.

Rationale: Those visiting our state, whether for tourism or business purposes, derive a significant benefit from the transportation system. While those from outside the state may pay some gas tax, this option provides another mechanism to ensure that those who do not live in Colorado but visit here and use the transportation system contribute to the construction and maintenance of the system.

Fee vs. Tax: This would be a new tax upon two specific services.

Administration: Although this would be a new tax, it would be calculated in a manner identical to the sales tax that is already collected and in all likelihood use a similar form. Both of these items are currently subject to the sales tax, so those collecting this new tax must utilize existing sales tax forms for these items. Calculating the additional tax liability will not be a significant burden for those remitting the tax. The existing administrative apparatus which is in place to collect the sales tax could also be used to collect this tax, minimizing the administrative burden.

Constitutionality: The state's TABOR Amendment (Article X, Section 20) requires voter approval to implement this option. The voters would need to approve the tax increase and authorize the state to retain the excess revenues. Use of revenues raised through this source is not restricted to use on the public highways and may be used for any purpose, including transit and other related purposes.

Estimated Tax Calculation: This option is shown at a rate sufficient to generate $100 million in FY 2008-09. This incremental 2.74% rate adjustment to the state sales tax on lodging and auto rentals makes the total state rate 5.64% for those items subject to both taxes and generates just over $292 million in FY 2034-35 nominal dollars and $135.7 million in 2008 constant dollars in the same year.

Who pays the rental and lodging tax: The underlying premise of this tax is that the primary users of rental vehicles and lodging are individuals who are not state residents and who do not pay their "fair share" of the costs of the transportation network. To the extent that state residents use rental cars and lodging within Colorado, the tax may not achieve that goal.

Competitive Position of the State: In all areas of the state, local sales taxes are applied to auto rentals and lodging. In many areas of the state these services are differentially taxed at a rate higher than the base rate for the jurisdiction or are subject to a separate "tourism" tax. An additional tax on these items imposed by the state may prove to be a significant disincentive for the consumption of lodging and auto rental services in some areas of the state, particularly Denver and the resort communities.

Reliability, Sufficiency, and Vulnerability of the Revenue Stream: This revenue source is highly tied to travel behavior which is a somewhat volatile source of revenue. Conditions relating to the health of business and to personal consumption of leisure travel affect collections. Colorado, however, has a healthy tourist and business travel economy so this is a fairly reliable incremental source of revenue for funding transportation over the forecast horizon.

Revenue Option #4: Increase the State Income Tax Rate and Allocate the Increase to Transportation

Specifics: Increase the state income tax rate from its present rate of 4.63% and explicitly dedicate the incremental revenues to transportation.

Rationale: All citizens of the state benefit from the transportation system, regardless of whether they operate a motor vehicle or not. Thus, it is appropriate to dedicate a non-traditional tax source, such as the income tax proposed here, to the support of the transportation system. Also, the state currently imposes an income tax rate of 4.63 % on federal taxable income as modified by state law. A single tax rate of 5% was in effect from 1987 until 1999 when it was reduced to 4.75 % in 1999. It was reduced to the current 4.63 % rate in 2000 so data regarding effects of a reenactment of up to 5% is reliable.

Fee vs. Tax: This would be an increase of an existing tax.

Administration: The income tax is already collected in the state, and the existing administrative apparatus could be used to collect this increment and dedicate it to transportation.

Constitutionality: The state's TABOR Amendment (Article X, Section 20) requires a voter approval to implement this option. The voters would need to approve the tax increase and authorize the state to retain the excess revenues. TABOR requires that individual and corporate income is taxed the same rate.

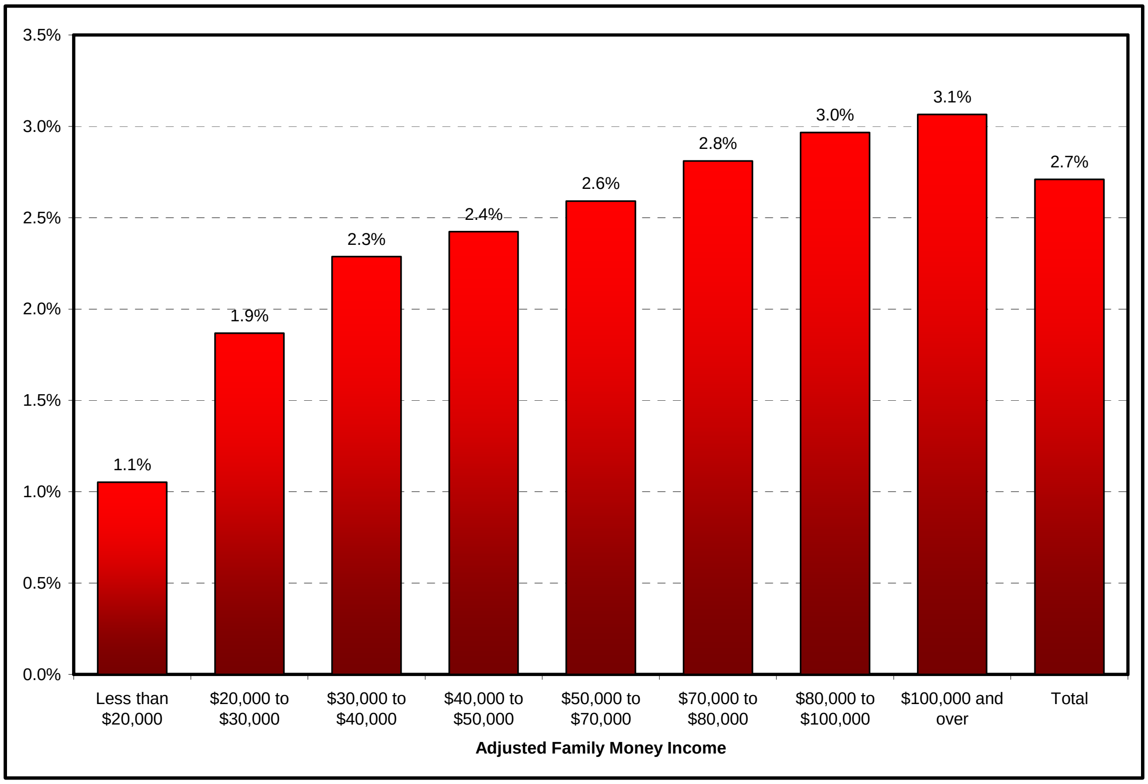
Estimated Tax Calculation: To illustrate this impact of this option a tax increase of .37% was modeled. Such an increase would return the income tax rate to 5%. In nominal dollars, the revenue potential from this scenario ranges from $236 million in FY 2008-09 (one-half year) to $3.8 billion in FY 2034-35. In 2008 constant dollars, these amounts are $232 million (one-half year) and $1.79 billion respectively. It is assumed that the relatively small increase of .37 percentage points illustrated here will not result in any elasticity effects on the total revenue collected.

This figure shows the history of state income tax collections over the past 30 years. The chart shows the tax collections after tax credits and does not adjust for changes in the tax rate in 1999 and 2000. The declines in tax collections in the early part of the current decade were primarily due to the recession and stock market downturn.

Who Pays the Income Tax: The income tax is progressive in nature. Taxpayers with higher incomes pay a higher percentage of their income for this tax than do taxpayers with lower incomes. The individual income tax is progressive despite the single rate of tax. The personal exemption, standard deduction, and itemized deductions are worth relatively more to low-income taxpayers than high-income taxpayers.

Many households did not pay income tax in 2006, for example, the first $8,450 of income for a single person without dependent children was not subject to the income tax. The threshold increases each year. Given the tax thresholds and the progressive nature of the income tax, lower income households would pay a relatively smaller share of financing for transportation needs, while higher income households would pay relatively larger shares. The figure below indicates the percentage of income that taxpayers pay in state income taxes.

Effective State Income Tax Rate by Household Income Level



Competitive Position of the State: As a percentage of personal income, Colorado's individual income tax ranked in the bottom half of the states in FY 2004-05. The state's corporate income tax was the lowest in the country for states using this tax. It is unlikely that an income tax rate increase back to 5% would alter many firms' or individuals' decisions to remain or relocate to the state.

Reliability, Sufficiency, and Vulnerability of the Revenue Stream: With the exception of the early part of this decade, the individual income tax has been relatively stable. It contracted with economic slowdowns and grew during expansions. Over the long run, the individual income tax has the highest annual growth rate of the state's major tax sources. However, the importance of capital gains over the past 16 years has exaggerated the growth trend for income tax revenues. The rapid increases in the late 1990s were attributable to the rising stock market. The steep decline in 2002 and 2003 reflected the sharp decline in capital gains. Capital gains had increased from 3.5% of income in 1991 to 11.3% in 2000. After the stock market decline in the early part of the decade, capital gains plummeted by 58% and comprised only 5.2% of income in 2002. They have likely since recovered to more than ten percent, leading to the possibility that steep stock market declines will once again significantly affect this revenue source.

Colorado's income tax base is federal taxable income therefore changes in the federal tax code can adversely affect Colorado's tax receipts. For example, although unlikely in the near future, if the federal government abolishes its income tax and replaces it with a national sales tax, Colorado would have to refer a measure to the voters to retain the income tax.

Revenue Option #5: Use a Combination of the Fuel Tax, Vehicle Maintenance Fee, and the Vehicle Rental and Lodging Tax to raise a Predetermined Level of Funding for Transportation

Specifics: For illustrative purposes this option seeks a total increase in revenue for transportation projects of $500 million. An increase of revenues by this amount could be accomplished by a combination of (1) an increase in the Fuel Tax of 16.4 cents per gallon, (2) an increase in the vehicle maintenance fee of $35 per vehicle, and (3) implementation of a vehicle rental and lodging visitor tax of 2.74%.

Rationale: A combination of methods to obtain the additional revenues limits the dependence upon a single source for transportation funding. The impact of any one of the taxes or fees imposed is mitigated and the probability the increases cause behavioral changes is lowered. It also provides additional flexibility for transit or aviation funding, since a portion of the revenue is derived from a source that can support transportation needs other than roads.

Fee vs. Tax: In this particular scenario a combination of a fee and two taxes is used.

Administration: The increase in administrative burden in this case is related almost entirely to the creation of the new tax on vehicle rentals and lodging. The fuel tax collection system is well established and the modest increase presented in the vehicle fee is probably low enough to avoid altering the current system of annual payments.

Constitutionality: As noted earlier two of the items in this package are taxes which will require voter approval for their implementation. Depending upon the timing of the implementation of a fee, voter approval may be needed to exempt the additional revenue from TABOR. The single subject provision of the constitution may require a separate vote for each element of a combination package such as the one illustrated here.

Estimated Tax Calculation: As noted the figures used in this illustration were selected to meet a specific level of revenue. The actual rates for both the taxes and the fee can be altered to meet this target or other desired revenue levels.

Who Pays: See the discussions for each of these elements as a stand alone item.

Competitive Position of the State: Using a combination of options may permit the state to raise more revenue in total while mitigating the competitive impact on the state's private sector. Multiple modest increases are less likely to affect the behavior of those who come into the state either as tourists or for business purposes.

Reliability, Sufficiency, and Vulnerability of the Revenue Stream: The use of multiple revenue sources mitigates the volatility of the revenue streams. This, combined with the lessened impact on the taxpayer of the increases in any one fee or tax, increases the reliability of the income stream. Sufficiency will require considering how to set the various taxes and understanding that the package is derived from a decision as to what is an adequate initial level of funding.

Technical Advisory Committee's Progress Report #1 to the Colorado Transportation Finance and Implementation Panel: Options for Discussion
(Not Formal Recommendations)

Appendix

Increase Motor Vehicle Registration Fee
Assume 100% additional revenue to State Highway Fund

Table 1. $68 registration fee increase. (170% average increase. $5.67 monthly.)

	Nominal dollars, millions		2008 Inflation-adjusted dollars	
Period	**Revenues during Period**	**Cumulative Revenues**	**Revenues during Period**	**Cumulative Revenues**
Single Year estimate	**$340**	**-**	**-**	**-**
FY 2008-09 to 2009-10	$527	$527	$508	$508
FY 2010-11 to 2014-15	$1,880	$2,407	$1,637	$2,144
FY 2015-16 to 2019-20	$2,061	$4,468	$1,554	$3,698
FY 2020-21 to 2024-25	$2,247	$6,715	$1,469	$5,167
FY 2025-26 to 2029-30	$2,430	$9,144	$1,377	$6,544
FY 2030-31 to 2034-35	$2,604	$11,748	$1,280	$7,824

Table 2. $100 registration fee increase. (249% average increase. $8.33 monthly.)

	Nominal dollars, millions		2008 Inflation-adjusted dollars	
Period	**Revenues during Period**	**Cumulative Revenues**	**Revenues during Period**	**Cumulative Revenues**
Single Year estimate	**$500**	**-**	**-**	**-**
FY 2008-09 to 2009-10	$775	$775	$747	$747
FY 2010-11 to 2014-15	$2,765	$3,540	$2,407	$3,153
FY 2015-16 to 2019-20	$3,031	$6,570	$2,285	$5,438
FY 2020-21 to 2024-25	$3,304	$9,874	$2,160	$7,598
FY 2025-26 to 2029-30	$3,573	$13,447	$2,025	$9,624
FY 2030-31 to 2034-35	$3,830	$17,277	$1,882	$11,505

Table 3. $200 registration fee increase. (498% average increase. $16.67 monthly.)

	Nominal dollars, millions		2008 Inflation-adjusted dollars	
Period	**Revenues during Period**	**Cumulative Revenues**	**Revenues during Period**	**Cumulative Revenues**
Single Year estimate	**$1,000**	**-**	**-**	**-**
FY 2008-09 to 2009-10	$1,550	$1,550	$1,493	$1,493
FY 2010-11 to 2014-15	$5,529	$7,079	$4,813	$6,306
FY 2015-16 to 2019-20	$6,062	$13,141	$4,570	$10,877
FY 2020-21 to 2024-25	$6,608	$19,749	$4,320	$15,197
FY 2025-26 to 2029-30	$7,146	$26,895	$4,051	$19,247
FY 2030-31 to 2034-35	$7,659	$34,554	$3,764	$23,011

Table 4. $300 registration fee increase. (746% average increase. $25 monthly.)

	Nominal dollars		2008 Inflation-adjusted dollars	
Period	**Revenues during Period**	**Cumulative Revenues**	**Revenues during Period**	**Cumulative Revenues**
Single Year estimate	**$1,500**	**-**	**-**	**-**
FY 2008-09 to 2009-10	$2,325	$2,325	$2,240	$2,240
FY 2010-11 to 2014-15	$8,294	$10,619	$7,220	$9,460
FY 2015-16 to 2019-20	$9,093	$19,711	$6,855	$16,315
FY 2020-21 to 2024-25	$9,912	$29,623	$6,480	$22,795
FY 2025-26 to 2029-30	$10,719	$40,342	$6,076	$28,871
FY 2030-31 to 2034-35	$11,489	$51,831	$5,646	$34,516

Table 5. $520 registration fee increase. (1294% average increase. $43.33 monthly.)

	Nominal dollars		2008 Inflation-adjusted dollars	
Period	**Revenues during Period**	**Cumulative Revenues**	**Revenues during Period**	**Cumulative Revenues**
Single Year estimate	**$2,600**	**-**	**-**	**-**
FY 2008-09 to 2009-10	$4,030	$4,030	$3,882	$3,882
FY 2010-11 to 2014-15	$14,376	$18,406	$12,514	$16,397
FY 2015-16 to 2019-20	$15,761	$34,166	$11,883	$28,279
FY 2020-21 to 2024-25	$17,180	$51,346	$11,232	$39,511
FY 2025-26 to 2029-30	$18,579	$69,926	$10,531	$50,043
FY 2030-31 to 2034-35	$19,914	$89,840	$9,786	$59,828

Note: This analysis assumes no price elasticity of Motor Vehicle Registration fees.
In 2006, license fees generated about $160 million for the state, $30 million for counties.
Over 4.732 million vehicles, average state registration fee = $40.19.
Ownership tax generated $469 million for non-state governments.

Table 6
Summary of Motor Fuel Tax Needs

Funding Threshold	Total Gas Tax	Total Diesel Tax
$340 million	$.342	$.327
$500 million	$.399	$.384
$1.0 billion	$.578	$.563
$1.5 billion	$.757	$.742
$2.6 billion	$1.151	$1.136

Fuel Tax without Indexing; Five and Ten Cent Increases

Amounts in Millions of Dollars

Table 7. Summary data for motor fuel tax rate increases; no indexing

	Five cent increase in motor fuel tax rates; no indexing of tax rates				Ten cent increase in motor fuel tax rates; no indexing of tax rates			
	Current dollars		2008 Inflation-adjusted dollars		Current dollars		2008 Inflation-adjusted dollars	
Period	Revenues during period	Cumulative Revenues	Revenues during period	Cumulative Revenues	Revenues during period	Cumulative Revenues	Revenues during period	Cumulative Revenues
FY 2008-09 to 2009-10	$208	$208	$200	$200	$416	$416	$401	$401
FY 2010-11 to 2014-15	$741	$949	$645	$846	$1,483	$1,899	$1,291	$1,692
FY 2015-16 to 2019-20	$814	$1,764	$614	$1,460	$1,629	$3,528	$1,228	$2,920
FY 2020-21 to 2024-25	$890	$2,654	$582	$2,042	$1,780	$5,308	$1,164	$4,083
FY 2025-26 to 2029-30	$967	$3,620	$548	$2,590	$1,933	$7,241	$1,096	$5,179
FY 2030-31 to 2034-35	$1,044	$4,664	$513	$3,102	$2,087	$9,328	$1,026	$6,205

Table 8. Annual data for motor fuel tax rate increases; no indexing

	Five cent increase in motor fuel tax rates; no indexing of tax rates				Ten cent increase in motor fuel tax rates; no indexing of tax rates			
	Current dollars		2008 Inflation-adjusted dollars		Current dollars		2008 Inflation-adjusted dollars	
Period	Revenues during period	Cumulative Revenues	Revenues during period	Cumulative Revenues	Revenues during period	Cumulative Revenues	Revenues during period	Cumulative Revenues
FY 2008-09	$68	$68	$67	$67	$137	$137	$135	$135
FY 2009-10	$140	$208	$133	$200	$279	$416	$266	$401
FY 2010-11	$143	$350	$132	$332	$285	$701	$263	$664
FY 2011-12	$145	$496	$130	$462	$291	$992	$261	$925
FY 2012-13	$148	$644	$129	$591	$297	$1,288	$258	$1,183
FY 2013-14	$151	$795	$128	$719	$302	$1,591	$256	$1,438
FY 2014-15	$154	$949	$127	$846	$308	$1,899	$253	$1,692
FY 2015-16	$157	$1,106	$125	$971	$314	$2,213	$251	$1,942
FY 2016-17	$160	$1,266	$124	$1,095	$320	$2,532	$248	$2,190
FY 2017-18	$163	$1,429	$123	$1,218	$326	$2,858	$246	$2,436
FY 2018-19	$166	$1,595	$121	$1,339	$332	$3,190	$243	$2,679
FY 2019-20	$169	$1,764	$120	$1,460	$338	$3,528	$241	$2,920
FY 2020-21	$172	$1,936	$119	$1,579	$344	$3,871	$238	$3,157
FY 2021-22	$175	$2,111	$118	$1,696	$350	$4,221	$235	$3,393
FY 2022-23	$178	$2,289	$116	$1,813	$356	$4,577	$233	$3,626
FY 2023-24	$181	$2,470	$115	$1,928	$362	$4,939	$230	$3,856
FY 2024-25	$184	$2,654	$114	$2,042	$368	$5,308	$227	$4,083
FY 2025-26	$187	$2,841	$112	$2,154	$374	$5,682	$225	$4,308
FY 2026-27	$190	$3,031	$111	$2,265	$381	$6,063	$222	$4,530
FY 2027-28	$193	$3,225	$110	$2,375	$387	$6,449	$219	$4,749
FY 2028-29	$196	$3,421	$108	$2,483	$393	$6,842	$216	$4,965
FY 2029-30	$199	$3,620	$107	$2,590	$399	$7,241	$214	$5,179
FY 2030-31	$203	$3,823	$105	$2,695	$405	$7,646	$211	$5,390
FY 2031-32	$206	$4,029	$104	$2,799	$411	$8,057	$208	$5,598
FY 2032-33	$209	$4,237	$103	$2,901	$417	$8,475	$205	$5,803
FY 2033-34	$212	$4,449	$101	$3,003	$424	$8,898	$202	$6,005
FY 2034-35	$215	$4,664	$100	$3,102	$430	$9,328	$200	$6,205

Fuel Tax with Indexing; Five and Ten Cent Increases
Amounts in Millions of Dollars

Table 9. Summary data for indexing the motor fuel tax rates

Period	Five cent increase in motor fuel tax rates; index tax rates beginning FY 2010-11				Ten cent increase in motor fuel tax rates; index tax rates beginning FY 2010-11			
	Current dollars		2008 Inflation-adjusted dollars		Current dollars		2008 Inflation-adjusted dollars	
	Revenues during period	Cumulative Revenues	Revenues during period	Cumulative Revenues	Revenues during period	Cumulative Revenues	Revenues during period	Cumulative Revenues
FY 2008-09 to 2009-10	$208	$208	$200	$200	$416	$416	$401	$401
FY 2010-11 to 2014-15	$1,139	$1,347	$985	$1,185	$1,952	$2,368	$1,691	$2,092
FY 2015-16 to 2019-20	$1,989	$3,335	$1,493	$2,678	$3,025	$5,393	$2,272	$4,365
FY 2020-21 to 2024-25	$3,095	$6,430	$2,016	$4,694	$4,400	$9,793	$2,868	$7,232
FY 2025-26 to 2029-30	$4,520	$10,950	$2,554	$7,247	$6,149	$15,942	$3,476	$10,708
FY 2030-31 to 2034-35	$6,314	$17,264	$3,094	$10,341	$8,348	$24,290	$4,091	$14,800

Table 10. Annual data for indexing the motor fuel tax rates

Period	Five cent increase in motor fuel tax rates; index tax rates beginning FY 2010-11				Ten cent increase in motor fuel tax rates; index tax rates beginning FY 2010-11			
	Current dollars		2008 Inflation-adjusted dollars		Current dollars		2008 Inflation-adjusted dollars	
	Revenues during period	Cumulative Revenues	Revenues during period	Cumulative Revenues	Revenues during period	Cumulative Revenues	Revenues during period	Cumulative Revenues
FY 2008-09	$68	$68	$67	$67	$137	$137	$135	$135
FY 2009-10	$140	$208	$133	$200	$279	$416	$266	$401
FY 2010-11	$167	$375	$155	$355	$314	$729	$289	$690
FY 2011-12	$197	$572	$177	$532	$351	$1,081	$315	$1,005
FY 2012-13	$228	$800	$198	$730	$391	$1,471	$340	$1,345
FY 2013-14	$258	$1,059	$219	$948	$428	$1,899	$362	$1,707
FY 2014-15	$288	$1,347	$237	$1,185	$469	$2,368	$385	$2,092
FY 2015-16	$324	$1,671	$259	$1,444	$509	$2,877	$407	$2,499
FY 2016-17	$358	$2,029	$278	$1,722	$556	$3,434	$432	$2,931
FY 2017-18	$394	$2,423	$297	$2,019	$602	$4,036	$454	$3,385
FY 2018-19	$434	$2,857	$318	$2,337	$652	$4,688	$478	$3,863
FY 2019-20	$478	$3,335	$341	$2,678	$705	$5,393	$502	$4,365
FY 2020-21	$521	$3,856	$361	$3,038	$758	$6,151	$525	$4,889
FY 2021-22	$568	$4,424	$382	$3,420	$816	$6,968	$549	$5,439
FY 2022-23	$616	$5,040	$403	$3,823	$877	$7,845	$573	$6,012
FY 2023-24	$669	$5,709	$425	$4,248	$941	$8,785	$598	$6,610
FY 2024-25	$721	$6,430	$445	$4,694	$1,008	$9,793	$623	$7,232
FY 2025-26	$780	$7,211	$468	$5,162	$1,076	$10,869	$646	$7,878
FY 2026-27	$838	$8,048	$488	$5,650	$1,150	$12,019	$670	$8,549
FY 2027-28	$901	$8,950	$511	$6,161	$1,226	$13,245	$695	$9,244
FY 2028-29	$965	$9,915	$532	$6,693	$1,307	$14,552	$720	$9,964
FY 2029-30	$1,035	$10,950	$554	$7,247	$1,390	$15,942	$744	$10,708
FY 2030-31	$1,106	$12,056	$575	$7,823	$1,479	$17,421	$769	$11,478
FY 2031-32	$1,180	$13,236	$597	$8,419	$1,570	$18,991	$794	$12,271
FY 2032-33	$1,259	$14,496	$619	$9,038	$1,664	$20,655	$818	$13,089
FY 2033-34	$1,340	$15,836	$640	$9,678	$1,764	$22,419	$842	$13,931
FY 2034-35	$1,428	$17,264	$663	$10,341	$1,871	$24,290	$868	$14,800

Note: The tax rate with an initial five cent increase and indexed beginning in FY 2010-11 would reach 55.7 and 52.6 cents for gasoline and diesel fuels, respectively, by FY 2034-35. The corresponding rates with an initial ten cent increase would be 66 and 62.9 cents.

Fuel Tax from Incremental Increases

Amounts in Millions of Dollars

Table 11. Summary data for ten cent initial increase followed by two cent increases for five years

	Ten cent increase in motor fuel tax rates; 2 cent increases for five years beginning in FY 2010-11			
	Current dollars		2008 Inflation-adjusted dollars	
Period	Revenues during period	Cumulative Revenues	Revenues during period	Cumulative Revenues
FY 2008-09 to 2009-10	$416	$416	$401	$401
FY 2010-11 to 2014-15	$2,384	$2,800	$2,060	$2,461
FY 2015-16 to 2019-20	$3,258	$6,058	$2,456	$4,917
FY 2020-21 to 2024-25	$3,560	$9,617	$2,327	$7,244
FY 2025-26 to 2029-30	$3,867	$13,484	$2,192	$9,436
FY 2030-31 to 2034-35	$4,175	$17,659	$2,051	$11,487

Table 12. Annual data for ten cent initial increase followed by two cent increases for five years

	Ten cent increase in motor fuel tax rates; 2 cent increases for five years beginning in FY 2010-11			
	Current dollars		2008 Inflation-adjusted dollars	
Period	Revenues during period	Cumulative Revenues	Revenues during period	Cumulative Revenues
FY 2008-09	$137	$137	$135	$135
FY 2009-10	$279	$416	$266	$401
FY 2010-11	$342	$758	$316	$717
FY 2011-12	$407	$1,165	$365	$1,081
FY 2012-13	$474	$1,640	$413	$1,494
FY 2013-14	$544	$2,184	$460	$1,955
FY 2014-15	$616	$2,800	$506	$2,461
FY 2015-16	$628	$3,428	$501	$2,962
FY 2016-17	$640	$4,067	$496	$3,459
FY 2017-18	$651	$4,719	$491	$3,950
FY 2018-19	$663	$5,382	$486	$4,436
FY 2019-20	$675	$6,058	$481	$4,917
FY 2020-21	$688	$6,745	$476	$5,393
FY 2021-22	$700	$7,445	$471	$5,864
FY 2022-23	$712	$8,157	$466	$6,329
FY 2023-24	$724	$8,881	$460	$6,789
FY 2024-25	$737	$9,617	$455	$7,244
FY 2025-26	$749	$10,366	$450	$7,694
FY 2026-27	$761	$11,128	$444	$8,138
FY 2027-28	$773	$11,901	$438	$8,576
FY 2028-29	$786	$12,687	$433	$9,009
FY 2029-30	$798	$13,484	$427	$9,436
FY 2030-31	$810	$14,294	$421	$9,857
FY 2031-32	$822	$15,117	$416	$10,273
FY 2032-33	$835	$15,952	$410	$10,683
FY 2033-34	$847	$16,799	$405	$11,088
FY 2034-35	$860	$17,659	$399	$11,487

Income Tax

Amounts in Millions of Dollars

Table 13. Estimated Revenue from various increases in the state income tax rate, millions of nominal dollars

Period	Increase tax rate by .25 percentage points; raise $339 million in FY 2009-10		Increase tax rate by .37 percentage points; raise $501 million in FY 2009-10		Increase tax rate by .74 percentage points; raise $1,003 million in FY 2009-10	
	Revenues during period	Cumulative Revenues	Revenues during period	Cumulative Revenues	Revenues during period	Cumulative Revenues
FY 2008-09 to 2009-10	$498	$498	$738	$738	$1,475	$1,475
FY 2010-11 to 2014-15	$2,090	$2,588	$3,093	$3,830	$6,185	$7,660
FY 2015-16 to 2019-20	$2,995	$5,583	$4,433	$8,263	$8,866	$16,526
FY 2020-21 to 2024-25	$4,297	$9,881	$6,360	$14,623	$12,720	$29,246
FY 2025-26 to 2029-30	$6,171	$16,051	$9,132	$23,756	$18,265	$47,511
FY 2030-31 to 2034-35	$8,867	$24,918	$13,123	$36,879	$26,246	$73,757

Table 14. Estimated Revenue from various increases in the state income tax rate, millions of 2008 inflation-adjusted dollars

Period	Increase tax rate by .25 percentage points; raise $339 million in FY 2009-10		Increase tax rate by .37 percentage points; raise $501 million in FY 2009-10		Increase tax rate by .74 percentage points; raise $1,003 million in FY 2009-10	
	Revenues during period	Cumulative Revenues	Revenues during period	Cumulative Revenues	Revenues during period	Cumulative Revenues
FY 2007-08 to 2009-10	$480	$480	$710	$710	$1,421	$1,421
FY 2010-11 to 2014-15	$1,813	$2,293	$2,684	$3,394	$5,368	$6,789
FY 2015-16 to 2019-20	$2,251	$4,545	$3,332	$6,726	$6,664	$13,452
FY 2020-21 to 2024-25	$2,801	$7,345	$4,145	$10,871	$8,290	$21,742
FY 2025-26 to 2029-30	$3,486	$10,831	$5,159	$16,031	$10,319	$32,061
FY 2030-31 to 2034-35	$4,342	$15,174	$6,427	$22,457	$12,854	$44,915

Notes: The stated revenue increase goals in Table 2 for FY 2009-10 are in nominal dollars rather than inflation-adjusted dollars.
The current state income tax rate is 4.63 percent.

Registration Fee Increase and New Visitor Tax

Amounts in Millions of Dollars

Table 15. Average registration fee increase of $68

Period	Nominal dollars		2008 Inflation-adjusted dollars	
	Revenues during Period	Cumulative Revenues	Revenues during Period	Cumulative Revenues
FY 2008-09 to 2009-10	$527	$527	$508	$508
FY 2010-11 to 2014-15	$1,880	$2,407	$1,637	$2,144
FY 2015-16 to 2019-20	$2,061	$4,468	$1,554	$3,698
FY 2020-21 to 2024-25	$2,247	$6,715	$1,469	$5,167
FY 2025-26 to 2029-30	$2,430	$9,144	$1,377	$6,544
FY 2030-31 to 2034-35	$2,604	$11,748	$1,280	$7,824

Table 16. Visitor tax rate of 2.74 percent

Period	Nominal dollars		2008 Inflation-adjusted dollars	
	Revenues during period	Cumulative Revenues	Revenues during period	Cumulative Revenues
FY 2008-09 to 2009-10	$155	$155	$149	$149
FY 2010-11 to 2014-15	$615	$770	$535	$684
FY 2015-16 to 2019-20	$767	$1,538	$578	$1,262
FY 2020-21 to 2024-25	$933	$2,471	$609	$1,871
FY 2025-26 to 2029-30	$1,130	$3,601	$640	$2,511
FY 2030-31 to 2034-35	$1,359	$4,960	$667	$3,178

Combination of proposals for increased registration fees, new visitor tax, and increased gas tax

Amounts in millions of dollars

Table 17. Combination of proposals, no split of gas tax between state and local

	Registration fee; 2.74 percent visitor tax on lodging and car rentals; five cent increase in motor fuel tax rates with no indexing				Registration fee; 2.74 percent visitor tax on lodging and car rentals; five cent increase in motor fuel tax rates with indexing of tax rates beginning FY 2010-11			
	Current dollars		2008 Inflation-adjusted dollars		Current dollars		2008 Inflation-adjusted dollars	
Period	Revenues during period	Cumulative Revenues	Revenues during period	Cumulative Revenues	Revenues during period	Cumulative Revenues	Revenues during period	Cumulative Revenues
FY 2008-09 to 2009-10	$890	$890	$858	$858	$890	$890	$858	$858
FY 2010-11 to 2014-15	$3,236	$4,126	$2,816	$3,674	$3,634	$4,524	$3,156	$4,013
FY 2015-16 to 2019-20	$3,643	$7,769	$2,746	$6,420	$4,817	$9,341	$3,624	$7,637
FY 2020-21 to 2024-25	$4,070	$11,839	$2,660	$9,080	$6,275	$15,616	$4,094	$11,732
FY 2025-26 to 2029-30	$4,526	$16,366	$2,565	$11,644	$8,079	$23,695	$4,571	$16,302
FY 2030-31 to 2034-35	$5,006	$21,372	$2,459	$14,104	$10,277	$33,972	$5,040	$21,342

Table 17, continued. Combination of proposals, no split of gas tax between state and local

	Registration fee; 2.74 percent visitor tax on lodging and car rentals; ten cent increase in motor fuel tax rates with no indexing of tax rates				Registration fee; 2.74 percent visitor tax on lodging and car rentals; ten cent increase in motor fuel tax rates with indexing of tax rates beginning FY 2010-11			
	Current dollars		2008 Inflation-adjusted dollars		Current dollars		2008 Inflation-adjusted dollars	
Period	Revenues during period	Cumulative Revenues	Revenues during period	Cumulative Revenues	Revenues during period	Cumulative Revenues	Revenues during period	Cumulative Revenues
FY 2008-09 to 2009-10	$1,098	$1,098	$1,058	$1,058	$1,098	$1,098	$1,058	$1,058
FY 2010-11 to 2014-15	$3,978	$5,076	$3,462	$4,520	$4,447	$5,545	$3,862	$4,920
FY 2015-16 to 2019-20	$4,457	$9,533	$3,360	$7,879	$5,853	$11,398	$4,404	$9,324
FY 2020-21 to 2024-25	$4,960	$14,493	$3,242	$11,121	$7,580	$18,979	$4,946	$14,271
FY 2025-26 to 2029-30	$5,493	$19,986	$3,113	$14,234	$9,709	$28,687	$5,493	$19,763
FY 2030-31 to 2034-35	$6,050	$26,036	$2,972	$17,206	$12,310	$40,998	$6,038	$25,801

A Comparison of Who Pays Fuel and Income Taxes

Table 18. Per Household Increases in Income and Fuel Taxes

	Adjusted Family Money Income										
	Less than $10,000	$10,000 to $15,000	$15,000 to $20,000	$20,000 to $30,000	$30,000 to $40,000	$40,000 to $50,000	$50,000 to $70,000	$70,000 to $80,000	$80,000 to $100,000	$100,000 and over	Average
Additional income tax paid with:											
Rate increase of 0.25 percentage points	$2	$6	$13	$24	$41	$56	$80	$109	$137	$348	$86
Rate increase of 0.37 percentage points	$3	$9	$19	$37	$63	$86	$123	$168	$211	$536	$132
Rate increase of 0.74 percentage points	$6	$18	$39	$75	$127	$173	$246	$336	$423	$1,072	$264
Additional gas tax paid with:											
Rate increase of 5 cents	$14	$23	$28	$35	$41	$47	$56	$62	$68	$83	$46
Rate increase of 10 cents	$27	$45	$56	$70	$83	$94	$113	$123	$136	$166	$92

This table represents the additional taxes per household if the specified rates were in effect during FY 2003-04.
The current income tax rate is 4.63 percent. The current motor fuel tax rates are 22 cents for gasoline and 20.5 cents for diesel.

Per Capita Tax and Fee Increases

Table 19. Additional per capita taxes

Fiscal year	Additional per capita income tax with additional tax rate of:			Additional per capita gas tax with additional tax rate of:				Additional registration fee
	0.25 percentage points	0.37 percentage points	0.37 percentage points	5 cents, no indexing	5 cents, with indexing	10 cents, no indexing	10 cents, with indexing	Additional fee
FY 2008-09	$29	$43	$85	$9	$9	$17	$17	$24
FY 2009-10	$60	$89	$178	$17	$17	$35	$35	$48
FY 2010-11	$63	$93	$185	$17	$20	$35	$38	$48
FY 2011-12	$66	$98	$196	$17	$24	$35	$42	$48
FY 2012-13	$70	$103	$207	$17	$27	$35	$46	$48
FY 2013-14	$74	$109	$218	$17	$30	$35	$49	$48
FY 2014-15	$78	$115	$231	$17	$33	$35	$53	$48
FY 2015-16	$82	$122	$244	$17	$36	$35	$56	$48
FY 2016-17	$87	$129	$258	$17	$39	$35	$61	$48
FY 2017-18	$92	$136	$273	$17	$42	$35	$64	$48
FY 2018-19	$97	$144	$288	$17	$46	$35	$69	$48
FY 2019-20	$103	$153	$305	$17	$49	$35	$73	$48
FY 2020-21	$109	$162	$323	$17	$53	$35	$77	$48
FY 2021-22	$116	$171	$342	$17	$57	$35	$82	$49
FY 2022-23	$122	$181	$362	$18	$61	$35	$86	$49
FY 2023-24	$130	$192	$384	$18	$65	$35	$91	$49
FY 2024-25	$137	$203	$407	$18	$69	$35	$96	$49
FY 2025-26	$146	$216	$431	$18	$73	$35	$101	$49
FY 2026-27	$154	$229	$457	$18	$77	$35	$106	$49
FY 2027-28	$164	$242	$485	$18	$82	$35	$112	$49
FY 2028-29	$174	$257	$515	$18	$87	$35	$117	$49
FY 2029-30	$185	$273	$547	$18	$92	$35	$123	$49
FY 2030-31	$196	$290	$580	$18	$97	$35	$129	$49
FY 2031-32	$208	$308	$617	$18	$102	$35	$135	$49
FY 2032-33	$221	$327	$655	$18	$107	$35	$141	$49
FY 2033-34	$235	$348	$696	$18	$112	$36	$148	$49
FY 2034-35	$250	$370	$739	$18	$118	$36	$155	$49
Average additional taxes through FY 2034-35	**$3,644**	**$5,393**	**$10,786**	**$467**	**$1,727**	**$933**	**$2,430**	**$1,833**

Note: Current income tax rate is 4.63 percent. Current motor fuel tax rates are 22 cents for gasoline and 20.5 cents for diesel.