

# MEMORANDUM

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**TO:** Members of the Transportation Legislation Review Committee  
**FROM:** Byron DeLuke, JBC Staff  
**SUBJECT:** Composition and Distribution of S.B. 09-108 (FASTER) Revenues  
**DATE:** August 21, 2012

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## **HUTF Revenue [Section 43-4-201, C.R.S.]**

The HUTF is the principal fund in which state-levied fees and taxes associated with the operation of motor vehicles are deposited. The General Assembly annually appropriates HUTF moneys to the Department of Public Safety for motor vehicle-related programs, and the State Treasurer distributes the remaining HUTF proceeds among the Department of Transportation and county and municipal governments in Colorado according to statutory formulas.

### *Specific Funding Sources*

The principal funding sources to the Highway Users Tax Fund are:

- Motor fuel excise taxes;
- Licensing and registration fees;
- Motor vehicle penalty assessments;
- S.B. 09-108 road safety surcharges;
- S.B. 09-108 daily vehicle rental fees;
- S.B. 09-108 late vehicle registration fees; and
- S.B. 09-108 oversize/overweight surcharges.

### *Appropriation/Distribution Methodology*

The General Assembly funds the Colorado State Patrol through annual "off-the-top" appropriations before proceeds are transferred into the HUTF [Section 43-4-201 (3)(a)(I), C.R.S.]. Remaining revenues are then statutorily divided into three separate funding streams.

First stream revenues include the first seven cents of the gasoline, diesel, and special fuel taxes; vehicle license plate, identification plate, and placard fees; driver's license, motor vehicle title and registration, and motorist insurance identification fees; proceeds of the passenger-mile tax levied on operators of commercial bus services; and interest earnings. These dollars are distributed 65 percent to CDOT, 26 percent to counties, and 9 percent to municipalities.

Second stream revenues include motor fuel taxes in excess of the first seven cents per gallon of gasoline, diesel, and special fuels. These dollars are distributed 60 percent to CDOT, 22 percent to counties, and 18 percent to municipalities.

Third stream revenues include all fees, surcharges, and fine revenues authorized by S.B. 09-108. Apart from a provision in S.B. 09-108 that redirects \$5.0 million from the county and municipal

shares to the State Transit and Rail Fund, the third stream revenues are distributed in the same proportions as the second stream revenues. This \$5.0 million is then granted by CDOT to local government transit and rail projects. Pursuant to Section 43-4-804 (1), C.R.S., FASTER proceeds *may not* be tapped as part of the "off-the-top" appropriation to the Colorado State Patrol.

**Senate Bill 09-108 (FASTER) Overview [Section 43-4-801, et seq., C.R.S.]**

Senate Bill 09-108 authorized the following new revenue sources:

- A road safety surcharge and a bridge safety surcharge, each of which vary by vehicle weight and are collected through the same mechanism used for payment of registration fees and specific ownership taxes;
- A daily fee for the use of a rented motor vehicle;
- A supplemental oversize / overweight vehicle surcharge;
- An increased fee for the late registration of a motor vehicle; and
- An increased unregistered vehicle fine.

*FASTER HUTF*

The bill increased overall HUTF revenues as well as the share of the Department's revenues coming from registration fees and surcharges. Prior to the enactment of FASTER, motor fuel taxes accounted for more than 70.0 percent of total HUTF revenues. FASTER-related HUTF revenues, which include the road safety surcharge, rented vehicle fee, oversize / overweight surcharge, and late registration fee, now account for about 17 percent of total HUTF revenues and have reduced the share attributed to motor fuel tax revenues to about 59 percent. As mentioned previously, by law, the proceeds of these revenue sources are distributed 60 percent to CDOT, 22 percent to counties, and 18 percent to municipalities, and *are not* subject to "off-the-top" appropriations.

*FASTER Bridge Safety and Tolling*

The implementation of FASTER has also increased other revenues for the Department because not all of the legislation's fees and surcharges are credited to the HUTF. Bridge safety surcharge revenues are credited to the Statewide Bridge Enterprise Special Revenue Fund for the repair and rehabilitation of bridges rated as "poor", i.e. functionally obsolete and structurally deficient. This dedicated fund is managed by the Statewide Bridge Enterprise. The board of the Enterprise consists of the members of the Transportation Commission.

The FASTER bill also reconstituted the former Statewide Tolling Enterprise with expanded authority to pursue innovative methods of financing the state's transportation system, including:

- Public-private partnerships;
- Operating concession agreements;
- User fee-based project financing;

- Availability payments; and
- Design-build contracting.

The bill authorizes the Enterprise to use road pricing on existing highway capacity as a congestion management tool if the Enterprise secures federal approval and the approval of all affected local governments. The Enterprise is governed by a seven-member board consisting of four appointees of the Governor and three members of the Transportation Commission. Both CDOT Enterprises are authorized to issue revenue bonds backed by their respective revenues.

*FASTER Transit*

Senate Bill 09-108 directed that \$10.0 million per year of the Department of Transportation's share of highway safety surcharges and fees be expended on transit-related activities. Eligible activities include:

- Planning;
- Design;
- Engineering;
- Acquisition;
- Installation;
- Construction;
- Repair;
- Reconstruction;
- Maintenance;
- Operation; and
- Administration.

In addition, the General Assembly directed that \$5.0 million per year from the municipal and county shares of the S.B. 09-108 highway safety funds be credited to the State Transit and Rail Fund for grants to local governments for transit projects. These transit-dedicated funds are ineligible for alternative use.