FAQs

Transportation Funding Background

How do we fund Colorado’s transportation infrastructure today?
The Colorado Department of Transportation (CDOT) is primarily funded through the gas tax. **The state gas tax is 22 cent per gallon, an amount set nearly 30 years ago.** This way of funding transportation is outdated. Today, Colorado spends per driver just over half of what it did in 1991 on transportation ($69/driver in 2017 v. $129/driver in 1991). Since then, vehicles have become more fuel efficient, our population has grown and the cost to maintain our roads has more than doubled.

Why is funding needed now?
Our transportation funding system is broken, as virtually every motorist knows firsthand. The gas tax becomes less and less useful as fuel efficiency increases and hybrid and electric vehicles become more prevalent. Population growth, a diminishing source of revenue and strong demands from competing state priorities – including education, healthcare and public safety – have created a huge funding gap. This gap has continued to grow over time. CDOT is currently running about a $1 billion per year shortfall, which has led to a high priority project list of about $9 billion that cannot be funded under the current structure. We want to secure a long-term and stable state funding source for the future, as well as give local and county officials the ability to repair and improve their own transportation systems.

How do local roads get funded today?
Cities and Counties share in the gas tax revenues collected by the state and deposited into the Highway Users Tax Fund (HUTF). Counties receive 22% of total receipts and Cities receive 18%. The money is further distributed through a formula based on total
local lane miles and vehicle registrations. Some localities around the State also have their own special tax to raise transportation funds, but those funds end at city and/or county borders, unlike the road itself.

**What is the impact of crumbling transportation infrastructure on me?**
Coloradans are paying $7.1 billion per year due to the poor conditions of our transportation infrastructure system according to the annual TRIP Report. TRIP is a non-profit organization that researches, evaluates and distributes economic and technical data on surface transportation issues. The report breaks the annual cost down as follows:

- $3.1 billion in congestion-related costs
- $2.1 billion in costs related to crashes and other safety issues
- $1.9 billion in vehicle-operating costs

The average motorist will lose $2,306 per year to car repairs and will spend 52 hours per year stuck in traffic jams.

**How do we fix the problem?**
After extensive research, a large bipartisan coalition of stakeholders from every part of Colorado has identified the sales tax as the preferred funding mechanism to secure transportation funding for the future of Colorado. By creating an annual, predictable and guaranteed funding stream, a small increase in the sales tax will ensure that long overdue projects are finally built.

**Other Funding Options**

**Why not just raise the current gas tax?**
The gas tax would have to be nearly doubled – to 40 cents per gallon per gallon or more -- to have any significant impact on Colorado’s crumbling infrastructure. The gas tax is not only a dying revenue source but raising it enough to cover Colorado’s needs isn’t a smart solution for Coloradans.

**Why not utilize current funds collected by the state?**
This has been talked about when both Republicans and Democrats have been in control at the Capitol, and the needed investments have not happened. Why? The Constitutional demands for education funding increases, along with increasing
demands from healthcare, public safety, human services and other priorities make it essential that transportation have a dedicated funding source – secure from raids by politicians.

**How do other transportation funding initiatives likely to be placed before voters this November impact this proposal?**

The Think Tank proposal is rooted in flawed ideological theory, not fiscal reality. It pays for just a fraction of its promised improvements, while failing to do anything about maintenance and ignoring traffic and congestion on local roads. It creates a risk the state will lack the necessary dollars to repay its debt, leading to $260 million a year in cuts to public schools, higher education, public safety, health care, and even routine transportation maintenance. That measure merely replaces our minimal transportation dollars with a mountain of debt without a guaranteed way to pay it back, – trading up to $1.7 billion of taxpayer dollars for interest payments to investors.

### Sales Tax Option

**Why a sales tax?**

First, it provides an immediate source of revenue to begin projects quickly. Second, it ensures that everyone pays their fair share, including the 80 million tourists who visit our state annually.

**What is the tax increase going to be, exactly?**

A .62% sales tax increase, which translates to about 6 cents on a $10 purchase. This modest increase gives Colorado approximately $767 million raised in revenue for the first year, which will be bonded for up to $6 billion, -- taking a huge chunk out of the $9 billion in needed projects. Money goes to state, county, local and multimodal projects

**Why will voters will support a tax increase?**

Coloradans are tired of sitting in traffic and driving on roads in poor condition. A well-maintained transportation system supports our economy and helps retain good jobs in Colorado. Transportation infrastructure continues to be the top issue for voters, and that intensity, coupled with the realization that there is a need for a new funding source, creates an environment in which we’re confident that a dedicated tax increase will be approved by voters.

**Isn’t a sales tax regressive?**

A sales tax is less regressive than one might think, for instance groceries, prescriptions, and utilities are excluded from state sales taxes. While taxes are simply
tough to swallow for many, a state sales tax is the most effective way to capture enough revenue to improve our state transportation system.

**How can you be sure dollars are going to transportation projects?**

There will be both a state oversight committee to ensure bonding dollars are being used effectively, as well as a citizen transparency website where Coloradans can see what projects are being started and completed near their community. Funds will be deposited into the Highway Users Tax Fund (HUTF), which is a fund separate from the rest of the state budget and dedicated only to these purposes.

**Where is that sales tax money going?**

- 45% of the new revenue goes directly to CDOT to address large state strategic projects. CDOT would receive and then bond that money so that they could start working sooner and more efficiently on the large backlog of projects.

- 15% goes directly to a new Multimodal Options fund to support transportation options prioritized primarily at a local level to decrease traffic congestion and protect our air quality.

- The remaining 40% would be split evenly (20%/20%) between cities and counties around the state, and those dollars will be spent according to the transportation priorities of local communities. This isn’t a slush fund for local governments. Each city and county must use the funds specifically for transportation projects and will be held accountable by a real-time project list and map online.

**Is this tax increase permanent?**

No, there is a 20-year sunset on this tax increase to ensure we reevaluate state transportation infrastructure at that time. The reason for 20 years is that it is a long enough period to make substantive infrastructure improvements through a bonding program, without becoming a permanent or unnecessary tax. The proposal requires that all bonds must be repaid within 20 years of issuance.

**What about citizen accountability**

The measure creates the Transportation Revenue Anticipation Notes Citizen Oversight Committee. The committee shall be comprised of the CDOT executive director and 14 members - 6 members appointed by the Governor and 8 appointed by legislative leadership of both parties. The committee will ensure that the citizens of Colorado are getting the very best value for the bonding dollars. In addition, each CDOT commissioners from around the state will monitor the various projects’ outcomes.
The Policy

**What projects will this address?**
CDOT will be addressing it’s State Strategic Priority List which can be accessed [here](#). CDOT will also be working with local entities to develop a multimodal project list that they will work on together. The local portion of the money will be spent specifically on local transportation projects which community leaders and staff identity and prioritize.

**How were projects selected?**
Over the last several years, CDOT has worked with their local planning partners to identify high priority unfunded or underfunded transportation infrastructure needs across the state. The Transportation Commission has identified approximately $9 billion in unmet needs. Project needs span the state and include roadway, bridge, interchanges, shoulders, safety and mobility projects including transit, bike and pedestrian walkways.

**What is bonding and how does it work?**
CDOT will issue Transportation Revenue Anticipation Notes to bond against their 45% share of the new revenue for up to $6.0 billion. Issuing bond will accelerate available funding and boost their ability to start, maintain and finish critical projects around the state. This will allow CDOT to finish big projects like expanding I-70 into the mountains or widening I-25 North more quickly than they would without bonds. Bonds must be paid off within 20 years.

**How will the counties and cities receive this revenue, and how can they spend it?**
The Cities and Counties 40% of the transportation fund will be flexible, so they can spend the revenue on transportation projects that their local communities determine are needed. Those local dollars can also be used toward matching state dollars to develop regional projects under the new Multimodal program.

**Why is there funding for local governments?**
Most trips begin and end on a local road. Local governments maintain over 170,000 road lane miles across the state. That’s over 85% of the total lane miles in Colorado. The need at the local level is widespread and immediate. This proposal puts local governments in the driver’s seat to address critical local needs.

**How is revenue distributed to local governments?**
Funding from this proposal is allocated to local governments through the Local Transportation Priorities Fund and distributed based on a formula of total lane miles and registered vehicles within each local jurisdiction.
**How much will my county or city receive?**
The proposal uses the same formula in statute for gas tax distribution based on total lane miles and vehicle registrations in each city and county. In the first year, from the 0.62% sales tax increase, cities and counties will both see a very significant bump in revenue to complete and maintain essential transportation projects around the state. The percentage distribution and resulting new dollars can be found when you [Click here](#).

**What about managed traffic lanes or tolling lanes? Will this initiative build toll roads?**
This initiative puts in place restrictions on toll roads that require the state to meet strict requirements. In some cases, toll lanes may be appropriate, but the state will be required to receive public input on each project and tolls would not be allowed simply to increase state coffers.

**Why do we need funding for multimodal projects?**
Multimodal projects give Coloradans from the Western Slope to the Eastern Plains and in the metro area various mobility options. These options aim to give people the freedom to travel in different ways across the state or within communities while also reducing traffic congestion and protecting our air quality. These projects can include inter-regional bus service like Bustang, smaller scale on-call transit services for the elderly, large scale bike lanes and expanded shoulders, and safer pedestrian crossings.

**What does the new Multimodal Fund look like?**
**Summary:** The multimodal options fund will be allocated to local and regional priorities around the state for projects that address broad based movements of people. Some examples include Bustang expansion, operations of a rural dial-a-ride shuttle for senior citizens, and improved pedestrian infrastructure. There will also be a match program that our smaller communities can participate in to leverage state dollars to complete projects they would not be able to on their own.

**Details:** The Multimodal fund will first be allocated up to $30 million annually for large CDOT bonding transit projects and require a 50/50 local match. Of the remaining dollars, 85% of the annual revenue must go to support local multimodal projects as identified by Metro Planning Organizations, Transportation Planning Regions or other transportation entities. That 85% will be allocated to local districts based on input from the transportation commissioners, various transit organizations as well as advocacy groups. The remaining 15% of the new revenue will be allocated to CDOT inter-regional transit programs such as Bustang. This new fund will allow state, regional and local projects to all receive funding.