

IN THE KNOW: TRANSPORTATION FEES

Colorado has long struggled to find sustainable sources of transportation funding given the stranglehold that TABOR has on state finances, and the array of other critical needs vying for limited tax dollars including education, health care and public safety. In 2021, state lawmakers passed [SB21-260](#). It created four revenue streams, including a retail delivery fee, that are intended to improve the state's transportation infrastructure.



The retail delivery fee of 27 cents per delivery will be divided among a variety of funds (see chart below) that the state, counties, and municipalities will use to fix and build roads and bridges, incentivize the use of electric vehicles, support electrification of public transit and mitigate air pollution.



SB21-260, which includes the 27-cent delivery fee will pay for two dozen transportation projects across the state. The list is below.



A 2-cent per gallon gas fee was included in the legislation passed in 2021, but lawmakers delayed the start of that fee until April of 2023 as Coloradans struggled with rising gas prices driven by national and global inflationary pressures. Federal relief dollars helped to cushion the blow. Lawmakers dedicated \$380 million of federal American Rescue Plan Act funds to transportation projects.



When fully implemented, SB21-260 will raise about \$200 million annually for upgraded infrastructure across the state. By providing sustainable revenue sources, the legislature has removed pressure to fund transportation from the General Fund over the near and medium term, thereby freeing up those dollars for other programs Coloradans rely upon.

Here is how the 27-cent delivery fee is divided up:

Retail Delivery Fees

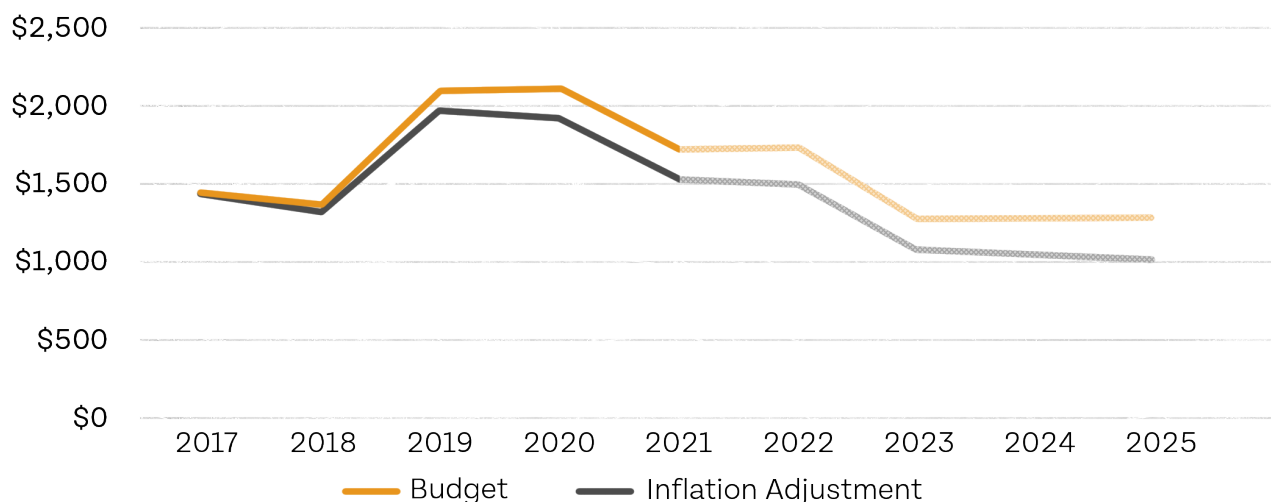
State (Highway Users Tax Fund)	5.97¢ / delivery
State (Multimodal Options Fund)	2.43¢ / delivery
Bridge and Tunnel Enterprise	2.70¢ / delivery
Community Access Enterprise	6.90¢ / delivery
Clean Fleet Enterprise	5.30¢ / delivery
Clean Transit Enterprise	3.00¢ / delivery
Air Pollution Mitigation Enterprise	0.70¢ / delivery
Total Retail Delivery Fees	27.00¢ / delivery

(Maximum Retail Delivery Fees and TNC Ride Fees Under SB21-260, FY2022-23)

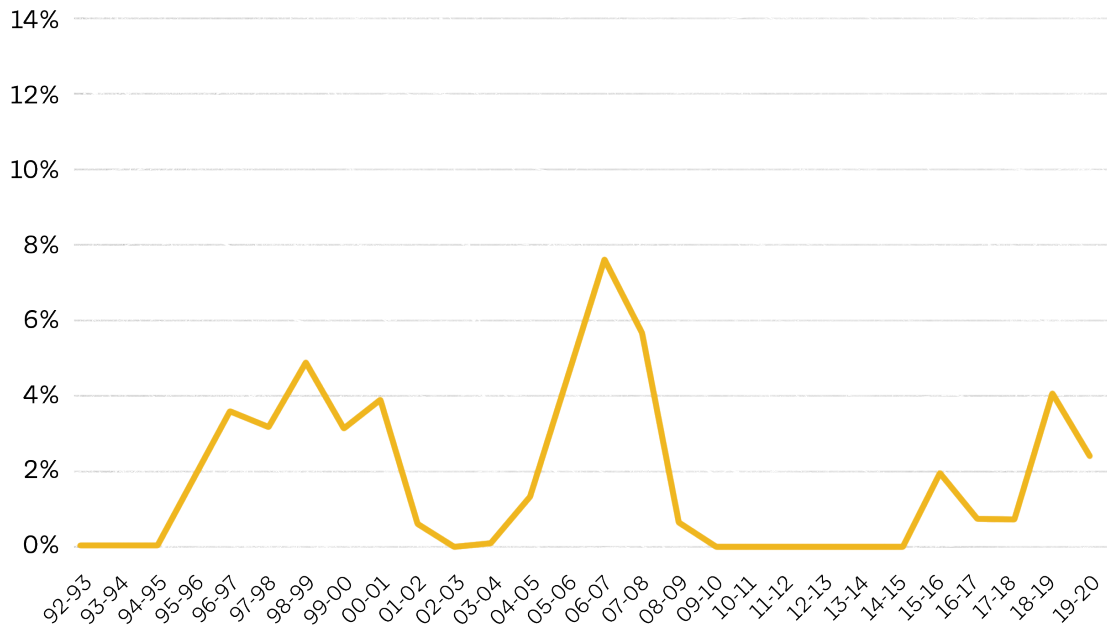
Key Context

- Colorado has struggled to find sustainable sources of transportation funding. That is because the revenue limits imposed by TABOR in combination with state constitution mandates for funding of certain expenses means there is typically little left for anything, including transportation.
- From 1992 through 2019, the [General Fund has averaged \\$165 million](#) in annual funding (inflation adjusted) for transportation.
- A sustainable transportation system is a public good that benefits all Coloradans. The years that Colorado has invested little in general fund dollars in transportation coincide with years of economic hardship. (see chart below)
- The long-term outlook for transportation funding is not encouraging. The CDOT chart below shows that transportation funding is in decline and is predicted to continue on that trajectory.
- In Colorado, the gas tax is the main source of funding for transportation. The 40.4 cent tax per gallon tax is composed of an 18.4 cent federal and a 22 cent Colorado tax. Colorado last raised the state gas tax in 1991.
- The gas tax is flat and does not change with the price of gas.
- In 2018, Colorado voters rejected two ballot measures that would have increased transportation funding. Proposition 109 would have used existing general funds to increase transportation investment and would have allowed the state to bond \$3.5 billion for road projects. Proposition 110 would have raised sales taxes 0.62 percent to pay for transportation infrastructure.
- Transportation system user charges such as a per gallon tax on motor fuels, motor vehicle registration fees, and tolls provide substantial support for transportation in Colorado.

Colorado Department of Transportation (CDOT) Revenue 2017 to 2025



Transportation Funding as Percent of General Fund (Inflation Adjusted)



Projects that Will Happen Because of \$170 Million in Upfront Funding in SB-260

Denver Metro Region

- I-70 Eisenhower-Johnson Memorial Tunnels repairs and maintenance - **\$50 million**
- I-70 noise wall replacements (complete wall replacement from N. Pecos Street to I-76 in Denver) - **\$20 million**
- I-70 Bustang Pegasus/Floyd Hill (fund park-n-ride improvements along I-70 to support the launch of Pegasus and I-70 Floyd Hill traffic mitigation efforts, project connects with the I-70 Floyd Hill project) - **\$2 million**
- I-25 and CO 7 interchange mobility hub - **\$12.5 million**
- I-25 Valley Highway (Burnham Yard) - **\$1.6 million**
- Safer Main Streets (urban arterials study and implementation of pilot projects) - **\$2.5 million**
- Bustang fleet purchases - **\$625,000**

Southeast Colorado

- I-25 operational improvements (Fillmore to Garden of the Gods, Colorado Springs) - **\$40 million**
- I-25 South central storage maintenance facility - **\$700,000**
- CO 21 and Airport Road diverging diamond interchange design - **\$4 million**
- Colorado Springs downtown transit center design - **\$1 million**
- Pueblo downtown transit center - **\$1 million**
- Bustang fleet purchases - **\$1.25 million**

Northwestern Colorado

- CO 13 Garfield County Rio Blanco Hill - **\$29 million**
- I-70B multimodal improvements - **\$8.6 million**

Northeastern Colorado

- I-76 improvements east of Sterling - **\$16.3 million**
- I-25 Firestone-Longmont mobility hub - **\$13 million**
- CO 7 corridor improvements (95th and CO 7 and multimodal preconstruction) - **\$13.4 million**
- Bustang fleet purchases - **\$625,000**
- Northern Colorado Bustang maintenance facility - **\$300,000**

Southwestern Colorado

- US 160 Aztec Creek resurfacing - **\$2 million**
- US 160 Pagosa reconstruction and multimodal improvements - **\$13.5 million**
- US 160 Trinchera Ranch safety and wildlife mitigation - **\$3.4 million**
- US 24 Buena Vista Park-n-Ride and intermodal facility - **\$440,000**