



# Colorado Department of Transportation Policy Brief

Updated 07/13/10

## Proposition 101 Colorado Motor Vehicle, Income, and Telecom Taxes and Fees

**This Policy Brief explains CDOT's assessment of the financial impacts of Proposition 101. This assessment is factual in nature and not intended to indicate support or opposition to the proposition.**

### Summary

Proposition 101 requires that annual license, title, and registration fees not exceed \$10 per vehicle. Given the financial impact this measure has on transportation, CDOT has been asked to provide a statement of the projected fiscal impacts of Proposition 101.

### Title

Under Proposition 101, CDOT staff assumes that the entire \$10 in aggregate fees would be used to support license, titling, and registration operations in the Department of Revenue and in County Clerk and Records' offices and that all registration-related revenue currently credited to and distributed from the Highway Users Tax Fund (HUTF) would cease through conforming legislation.

See the table below. FY 2011-12 is the first full state fiscal year in which the provisions of Proposition 101 would be in effect.

<b>Projected Revenue Losses to CDOT from Proposition 101</b>	
<b>Category</b>	<b>FY 2011-12</b>
HUTF First Stream (65%)	\$85,586,899
HUTF Second Stream (60%)	20,972,258
FASTER HUTF Third Stream (60%)	88,752,467
Bridge Safety Surcharges	96,088,233
Loss of \$5m Transit & Rail transfer from cities & counties	5,000,000
<b>Total</b>	<b>\$296,399,857</b>
<b>Current-law Revenue Forecast</b>	
	<b>FY 2011-12</b>
FHWA Apportionments	\$366,440,059
Total State Highway Fund Revenue	528,921,112
Other Revenue	173,936,930
<b>Total Revenue</b>	<b>\$1,069,298,101</b>
<b>Proposition 101 Loss as a Percent of Total Budget</b>	<b>27.7%</b>

This impact would not be distributed evenly among CDOT's various programs because many of the Department's state and federal funding sources are dedicated by law to specific programs and uses. If Proposition 101 were to become law, the Department anticipates it would still have enough state revenue to meet its required matching obligations for its apportionments of federal highway funding, presuming no significant increase in the amount of federal highway funding is made available to the state.

## Text of Proposition 101

Be it Enacted by the People of the State of Colorado:  
Title 39, article 25 of the Colorado Revised Statutes

### **Reducing government charges**

**(1) Enforcement.** This voter-approved revenue change shall be strictly enforced to reduce government revenue. It is self-executing, severable, and a matter of statewide concern that overrides conflicting statutes and local laws. Prevailing plaintiffs only shall have their legal fees and court costs repaid. The state shall audit yearly compliance with this reform to reduce unfair, complex charges on common basic needs.

**(2) Vehicle.** Starting January 1, 2011: (a) All annual specific ownership taxes shall decrease in four equal yearly steps to: New vehicles, \$2; and other vehicles, \$1. All state and local taxes shall cease on vehicle rentals and leases, and on \$10,000, reached in four equal yearly steps, of sale prices per vehicle. Sale rebates are not taxable. (b) All registration, license, and title charges combined shall total \$10 yearly per vehicle. Except those charges, and tax, fine, toll, parking, seizure, inspection, and new plate charges, all state and local government charges on vehicles and vehicle uses shall cease. Except the last six specific charges, added charges shall be tax increases.

**(3) Income.** The 2011 income tax rate shall be 4.5%. Later rates shall decrease 0.1% yearly, until reaching 3.5%, in each of the first ten years that yearly income tax revenue net growth exceeds 6%.

**(4) Telecommunication.** Starting January 1, 2011, except 911 fees at 2009 rates, no charge by, or aiding programs of, the state or local governments shall apply to telephone, pager, cable, television, radio, Internet, computer, satellite, or other telecommunication service customer accounts. Added charges shall be tax increases.