MEMORANDUM

TO: THE TRANSPORTATION COMMISSION
FROM: OFFICE OF POLICY AND GOVERNMENT RELATIONS, CDOT
DATE: AUGUST 3, 2021
SUBJECT: CONCERNING CREATION OF FUNDS AND IMPOSITION OF FEES FOR THE NEWLY CREATED NONATTAINMENT AREA AIR POLLUTION MITIGATION ENTERPRISE

Purpose
The purpose of this memorandum is to provide the Transportation Commission information concerning fees, funds, and powers and duties, for the newly created Nonattainment Area Air Pollution Mitigation Enterprise, pursuant to SB21-260, C.R.S. § 43-4-1303.

Action
No immediate action is required; this memorandum is for informational purposes only

Creation of Enterprise Funds
SB21-260 creates The Nonattainment Area Air Pollution Mitigation Enterprise Fund and the Nonattainment Area Air Pollution Mitigation Enterprise Initial Expenses Fund in the State Treasury. The Fund consists of revenue from fees, monetary gifts, grants, donations, Federal money that be credited to the fund, and appropriated/transfers from the General Assembly.

- The Department may transfer money from any legally available source to the enterprise for the purpose of defraying expenses incurred by the enterprise before it receives any fee revenue or revenue bond proceeds.
  - The enterprise may accept and expend any money transferred; However, such a transfer is considered a loan to the enterprise from the department and is required to be repaid
  - All money transferred as a loan to the enterprise shall be credited to the Nonattainment Area Air Pollution Mitigation Enterprise Initial Expenses Fund
    - Liabilities that are recorded in the Initial Fund but that are not required to be paid in the current fiscal year shall not be considered when calculating sufficient statutory fund balance
    - The State Treasurer shall credit all interest and income derived from the deposit and investment of money in the Initial Expenses Fund to the Fund

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Imposition of New Fees

In order to allow the enterprise to accomplish its business purpose and fully exercise its powers and duties through the board, beginning in Fiscal Year 2022-2023, the enterprise may impose the following fees:

- **Air Pollution Mitigation Per Ride Fee**
  - To be paid by a transportation network company for each prearranged ride requested and accepted through the company's digital network
  - The fee is collected by the Department of Revenue on behalf of the Enterprise
  - **Fee Amounts:**
    - For Fiscal Year 2022-2023:
      - Eleven and one-quarter cents for each prearranged ride that is a carshare ride or for which the driver transports the rider in a zero-emissions vehicle
      - Twenty-two and one-half cents for every other prearranged ride
    - For Fiscal Year 2023-2024 and subsequent state fiscal years:
      - The board shall impose a fee in the applicable maximum amount from the prior state fiscal year adjusted for inflation.
      - The Enterprise shall notify the Department of Revenue of the fee amount to be collected no later than March 15 of the calendar year in which state fiscal years begins
      - The Department of Revenue shall publish the amount no later than April 15 of the calendar year in which state fiscal years begins
    - The Enterprise is authorized to adjust fee based on positive rate of inflation and cumulative inflation

- **Air Pollution Mitigation Retail Delivery Fee**
  - Fee is for retail deliveries of tangible personal property
  - Fee is added to the price of delivery by the retailer, collected from the customer, and paid to the Department of Revenue
  - **Fee Amounts:**
    - For Fiscal Year 2022-2023:
      - Maximum amount of seven-tenths of one cent
    - For Fiscal Year 2023-2024 and subsequent state fiscal years:
      - The board shall impose a fee in the applicable maximum amount from the prior state fiscal year adjusted for inflation.
The Enterprise shall notify the Department of Revenue of the fee amount to be collected *no later than March 15* of the calendar year in which state fiscal years begin.

The Department of Revenue shall publish the amount *no later than April 15* of the calendar year in which state fiscal years begin.

- The Enterprise is authorized to adjust fee based on positive rate of inflation and cumulative inflation.

**Background**

The *Nonattainment Area Air Pollution Mitigation Enterprise* is created to serve the primary business purpose of mitigating the environmental and health impacts of increased air pollution from motor vehicle emissions in nonattainment areas that results from the rapid and continuing growth in retail deliveries made by motor vehicles and in prearranged rides provided by transportation network companies by:

- Providing funding for eligible projects that reduce traffic
- Including demand management projects that encourage alternatives to driving alone or that directly reduce air pollution, such as retrofitting of construction equipment, construction of roadside vegetation barriers
- Planting trees along medians

**Next Steps**

*See Next Steps under Enterprise Power and Duties Memorandum*
*See Next Steps under Enterprise Board Composition Memorandum*

**Attachments**

- No Attachments