

Modernizing Transportation Bill Objectives

Bottomline: What Will This Transportation Proposal Do?

For the first time, this future-looking package advances a comprehensive transportation funding plan to modernize our state's transportation system.

- 1** **Maintains our roads and highways** by helping fund the 10 Year Plan – with a “fix it first” approach that also addresses traffic and congestion in key corridors.
 - 2** Establishes a much needed and **sustainable funding source** for our future transportation system.
 - 3** Supports **multimodal options** to increase accessibility and offer more choice.
 - 4** **Invests in charging infrastructure and the electrification of fleets** – which will improve air quality and better position Colorado to achieve necessary pollution reduction goals by 2030 and the overall health of our communities.
- All while saving Coloradans money and time spent on the roads.**



The Status Quo - Not a Sustainable Option

“We can’t settle for simply keeping up, we must lead this market-driven transition or risk being left behind. The spirit of innovation and creativity already lives here in Colorado, and this proposal is a reflection of that.” -- Governor Jared Polis

If We Do Nothing . . . Consumers Pay More

This bill aims to provide net savings to Colorado drivers and families.



\$6.3 billion/year

Coloradans already pay a high price for transportation, but those dollars are spent on repairs and lost time in traffic, not on an investment in our roads. Colorado drivers pay an \$6.3 billion annually in wear and tear, fuel, and accelerated depreciation.



\$732/year

Drivers spend approximately \$732 per year stuck in traffic and on repairs for wear/tear on their vehicles because our roads have deteriorated or are clogged and congested.

Gas Tax Cannot Pay for Our Roads

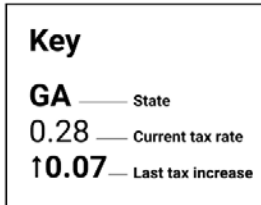
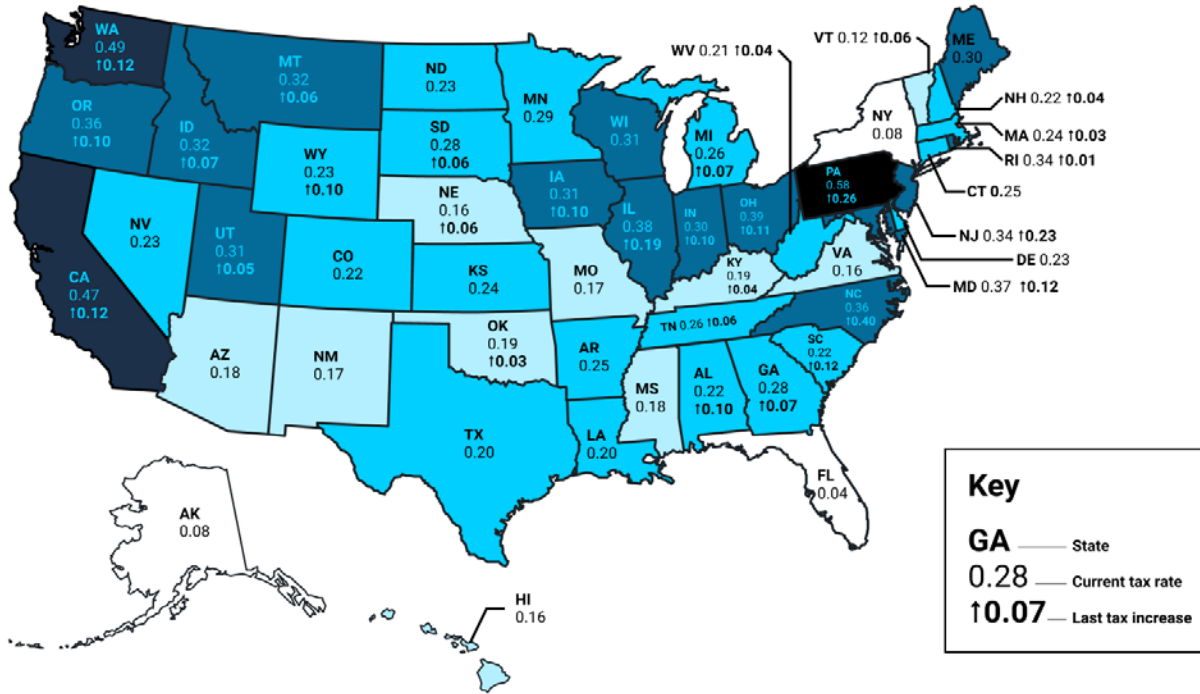
The Colorado gas tax is not a sustainable source of funding and our transportation system suffers as a result.

- Current gas tax of **22 cents** doesn't go as far as it did in 1991.
- Colorado has the **10th lowest gas rate** among all 50 states.
- Consumers purchase **less gas** as fuel efficiency and electric vehicle purchases increase.
- Gas tax would be **44 cents** today if it had kept pace with inflation.
- Existing state gas tax generated **\$624 million** in 2020.
 - ◆ If it had kept pace with inflation since 1993, it would have raised double that amount — **\$1.2 billion** :
 - The loss is nearly \$8 billion over 30 years; and
 - The purchasing power today is half of what it was 30 years ago.



Other States Have Addressed the Challenge

State Gas Taxes Since 2013 in Dollars



In many states a bipartisan or republican lead effort is underway to increase the current gas tax, including:

- Alaska (D)
- Kentucky (R)
- Louisiana (R)
- Massachusetts (D)
- Missouri (R)
- Montana (R)
- New Mexico (D)
- North Dakota (R)
- Wyoming (Sponsored by Joint Revenue Interim Committee)

In 2019, bipartisan bills raised the gas tax in:

- Alabama
- Arkansas
- Illinois
- Ohio

Institution On Taxation and Economic Policy. Most States Have Raised Gas Taxes in Recent Years. ITEP; 27 June 2019, itep.org/most-states-have-raised-gas-taxes-in-recent-years-0419/.

Transportation Investment Advocacy Center. State Motor Fuel Excise Taxes. 13 Jan. 2020, transportationinvestment.org/research/funding-techniques/state-motor-fuel-excise-taxes/.

Illustrated by John Reis

Transportation Funding Plan

Overall Bill Summary

Reduce Fees & Save Coloradans Money

FASTER Reduction:

→ The plan offers relief on vehicle registration fees to account for economic hardship in the post-pandemic economy.

◆ Reduction of FASTER Road Safety Surcharge for 2022 and 2023:

- Revenue reduction will be backfilled to maintain safety programs.
- \$90 million in savings for Colorado consumers.
- Rates will resume in calendar year 2024.
- This reduction will not impact FASTER transit dollars.

Other Consumer Measures:

- **Delay onset** of all NEW transportation fees until Fiscal Year 2023.
- Pilot **payment plan option for EV fees** to increase consumer convenience and decrease one-time financial impact of fee on consumers.

Anticipated Consumer Costs Offset by Savings:

- The average Colorado consumer will pay approximately \$28 annually and save far more.
- Currently average Coloradan pays \$732 annually on maintenance and repairs due to deteriorated roads and lost time.

Transportation Funding Proposal | Summary

Nearly **\$3.924 billion** from new fee revenue to modernize and futureproof our transportation system and to stabilize funding over the next 11 years.

- **\$2.728 billion** of new fee revenue supports the State and local share of HUTF:
 - ◆ 10% of State share will be allocated to support multimodal in the 10-year plan; and
 - ◆ At least 10% of local share allocated to support multimodal.
- **\$724 million** of new fee revenue supports a downpayment on Colorado's Greenhouse Gas Pollution Reduction Roadmap to help meet transportation emissions reduction goals by 2030 and reduce local air pollution:
 - ◆ 20% of these "electrification" expenditures also support multimodal transportation.
- **\$366 million** of new fee revenue allocated to the newly-expanded Multimodal and Mitigation Option Fund (MMOF) will support mitigation of Greenhouse Gases.
- **\$106 million** of new fee revenue allocated to a newly created nonattainment fund to support communities in nonattainment regions address pollution mitigations on road related projects.

General Fund & Stimulus Support

- **\$1.230 billion** in general fund/stimulus investment in this transportation funding plan—average of \$111.8 over 11 years:
 - ◆ **\$430 million** in stimulus funds; and
 - ◆ **\$800 million** in an ongoing general fund contribution.
- Helps cover the \$150 million annual debt payment on the four SB 267 COP tranches for 11 years.
- Ensures a transparent and predictable GF contribution over the next 11 years.

History of General Fund Contributions to CDOT :

On average **\$106.7 million** transferred from the General Fund to CDOT from FY10 through FY20.

These transfers swung from \$0 to \$495 million and were very inconsistent.

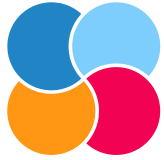
Summary of Revenue from New Sources

	10 Yr Total Revenue	Fee Amount
Road Usage Fee: New fee on fuel applied to the sale of fuel to offset consumer impact on roadway and transportation system.	\$1.471 billion	\$.02 cent/gallon increase , and increases \$.02 every two years to \$.08
Truck Fee: Additional diesel fee applied to the sale of fuel to offset additional impact of trucks on the roadway.	\$499 million	\$.06 cent/gallon increase , and increases \$.01 every two years to \$.08
Electric Vehicle Fee: Index existing \$50/year EV registration fee and assess additional fee to establish parity with the amount of gas tax paid by a driver.	\$ 367 million	Existing fee increases by roughly \$9 annually for 10 yrs; \$3.00 annual PHEV fee , increases to \$27 by year 10. These fees sit on top of the existing \$50 fee indexed..
TNC Fee: Fee on business to offset congestion and emission impacts on the transportation system for new transportation services and increased trips.	\$203 million	\$0.30 per trip; \$0.15 for carpool or ZEV
Online Retail Order Fee: Fee on online deliveries to offset impact on transportation system, air quality, and congestion.	\$1.122 billion	\$.25 per delivery
Personal Car Share Fee: Lift exemption on \$2/day rental fee (index to CPI).	\$17 million	Lift \$2/day exemption
Rental Fee: Index existing fee to ensure users of the road pay their share.	\$70 million	Index existing \$2/day rental fee to CPI
Taxi Fee: Fee on taxis to offset consumer impact on transportation system.	TBD	TBD, per ride flat fee
AV Safety Fee: Assess a safety fee on autonomous vehicles based on VMT.		TBD

HUTF Investments| Building a Statewide System

- Funds the CDOT 10 Year Plan:
 - ◆ Helps pay for the six unfunded years of the plan;
 - ◆ Create thousands of jobs across the State; and
 - ◆ Help stimulate the economy.
- Repairs over 2,600 lane miles of rural roads —the largest investment in rural roads ever. CDOT has already paved nearly 600 miles of rural roads in first two years of 10YP.
- Delivers major improvements to relieve congestion on key interstates and highways.
 - ◆ I-70 (Floyd Hill and Grand Junction), I-270, I-76, I-25 (Northern Colorado and Pueblo/Springs area), US 50, US 160 and US 285.
- Includes multimodal options into projects:
 - ◆ Builds a series of multimodal hubs on the I-25 corridor to give people workable transit options that are convenient and reduce VMT;
 - ◆ Builds out micro-transit options that work with the mountain express lanes along I-70; a

Transportation Funding Proposal | Distribution



New fund for community impact and air pollution mitigation in non-attainment regions

- **\$106 million over 10 years** to CDOT to fund mitigation projects within 10YP.
 - ◆ Eligibility will be limited to communities currently within nonattainment regions or on cusp on non-attainment;
 - ◆ These currently include the DRCOG region and Weld/Larimer Counties.
- CDOT will work with local communities to identify and prioritize high-impact projects eligible for funding.
- Project categories eligible for investment:
 - ◆ Compliance with ozone requirements
 - ◆ Mitigation of project greenhouse gas emissions
 - ◆ Addressing impacts to environmental justice communities identified by NEPA

Transportation Funding Proposal | Distribution



CDOT's Multimodal and Mitigation Options Fund

- **\$366 million over 10 years** dedicated to the Multimodal Options Fund (MMOF) to help state and local communities link local transit to the statewide transportation network.
 - ◆ Broad definition of multimodal transportation includes projects like pedestrian/bicycle paths, main street improvements, and more traditional transit options.
 - ◆ Renaming the fund to **Multimodal and Mitigation Options Fund**.
- Eligibility will be expanded to include GHG mitigation expenses:
 - ◆ Allows local governments and planning regions to use funding to assist with compliance with new GHG regulations.
 - ◆ Eligible MMOF projects include funding for construction or operation of all types of transit projects and studies, including bicycle and pedestrian projects.
- Funds will be split 40% to State, **60% to local governments**, using a formula based on population and transit ridership.
- Projects are selected to receive local MMOF by MPOs/TPRs.
- TPRs must provide CDOT with an annual report on the status of projects selected for funding through the MMOF Local Fund, and CDOT will use information to update legislature and Transportation Commission with no less than an annual accounting of expenditures.

Transportation Equity and Access | Priorities

- Support **accessible and affordable transportation** for all Coloradans.
- Promote fair distribution of transportation resources, benefits, costs, programs, and services.
- **Support multimodal options** that enhance access, increase accessibility, offer more choice, and allow Coloradans to be less dependent on vehicle ownership in both rural and urban areas.
- **Pilot a payment plan** option for EV fee schedule to decrease one-time payment impact on consumers.
- Position Colorado to **achieve necessary pollution reduction targets by 2030**. Transportation is a top contributor to local air pollution that disproportionately impacts low-income communities and communities of color, and can lead to premature death, increased healthcare costs, lowered productivity, and decreased quality of life.
- **Target low to moderate income (LMI) and/or disproportionately impacted (DI) communities with new investments:**
 - ◆ More than 40% of the Infrastructure and Equity Enterprise is dedicated to expanding access to community charging, supporting Ebike adoption, and ensuring Coloradans with old and inefficient cars can upgrade to electric vehicles.
 - ◆ Approximately 30% of Fleet Modernization enterprise is dedicated to ensuring small businesses with older trucks can upgrade to electric vehicles, and replacing polluting trucks and buses with electric vehicles in communities disproportionately impacted by pollution.

Striking the Right Balance:

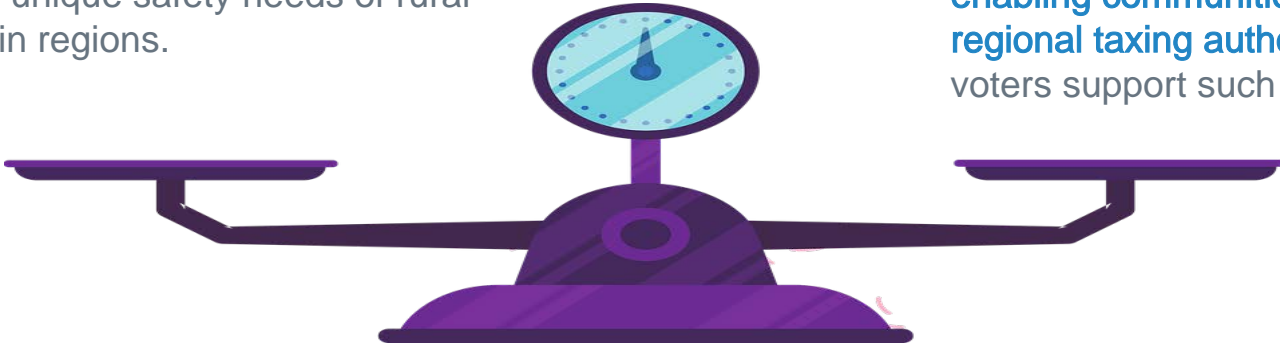
As we look to build back stronger, we want to do so in a way that bolsters all Colorado communities, rural and urban alike, by recognizing their unique needs.

Rural Needs and Challenges

- Respect the vital role rural communities play in bringing agricultural products to market and supporting Colorado's tourism economy.
- Ensure rural Colorado is an essential part of connecting Colorado's charging infrastructure.
- Address the unique safety needs of rural and mountain regions.

Urban Needs and Challenges

- Recognize the infrastructure, safety, equity, health, and climate mitigation needs of urban communities.
- Front Range communities disproportionately fund statewide infrastructure.
- Create greater regional flexibility by **enabling communities to create regional taxing authorities** if local voters support such measures.



Accountability & Transparency

Attuning to Colorado Needs



Each Enterprise will develop a ten year plan that will be used to assess the funding levels needed to achieve the desired outcomes. Project management public dashboards will show key performance indicators for projects within Enterprises and CDOT. CDOT will update their existing 10 year plan.

Climate Goals



CEO and CDPHE, in consultation with CDOT, will report annually on progress towards 2030 EV plan and GHG Roadmap goals resulting from enterprise and transportation investments in this plan.

Accountability



CDOT and enterprises will maintain clear accountability mechanisms, engage a wide variety of stakeholders to ensure funding achieves intended outcomes, and regularly report to the transportation commission, legislature, and construction partners.

Transparency



Enterprises will maintain accessible and transparent summary information regarding implementation status, funding, and expenditures on their websites. CDOT will continue with their new commitment to enhanced accountability and transparency measures.

Transportation Plan Goals - Recap

Economic

- Provide consumer relief while stabilizing funding stream.
- Help stimulate the economy with thousands of good jobs on shovel ready transportation projects.
- Maintain existing infrastructure and invest in transportation innovations that prepare our economy for tomorrow.
- Provide economic opportunity that benefits all Coloradans.
- Access to new technologies and resources for all.

Transportation

- Invest in the 10-year plan.
- Deliver results with strong accountability & transparency.
- Maintain existing infrastructure.
- Fix decaying rural roads.
- Increase travel options with improved transit, bicycle, and pedestrian infrastructure.
- Relieve congestion in highest use corridors.
- Ensure the vitality of main streets.
- Address declining revenue from increased fuel efficiency and electrification.

Air Quality

- Reduce local air pollution, especially in heavily impacted communities.
- Help achieve transportation GHG emission targets.
- Help meet State EV adoption goals: 940,000 EVs by 2030.
- Incentivize use of EVs—buses, on-demand ride services, & delivery trucks.
- Build EV charging infrastructure statewide.
- Decrease air quality impacts of large construction projects.

The legislative sponsors welcome your feedback and suggestions.

Please send comments to the following email address. Although we will not be able to respond to every email, we will review each email as we proceed with the bill drafting process.

Thank you for your interest and participation in this process.
Your feedback is appreciated and valued.