

Panel sees new era for transportation

After meeting with more than 400 citizens at eight meetings around Colorado, considering more than 40 revenue options and dozens of hours of debate, the Blue Ribbon Panel on Transportation Finance and Implementation is ready to send recommendations to Governor Ritter. The panel's recommendations, which are currently being compiled in a final report, take the form of a vision, policy statements, funding thresholds and revenue options. The final report will be shared with all CDOT employees when released.

Carla Perez, Governor Ritter's Senior Transportation Advisor, told the Panel, "You've completed a decade worth of work in just eight months." That work would not have been possible without the contributions of more than 60 CDOT staff that supported the Panel's efforts with data, analysis, and organizational efforts.

"You've completed a decade worth of work in just eight months"

*-Carla Perez,
Sr. Transportation
Advisor to
Governor Ritter*

21st Century Vision and Policy

The panel has endorsed a vision and set of policy statements that affirm CDOT's work. Their vision for transportation in Colorado preserves existing investments and expands travel options.

Colorado's highway infrastructure is ageing, with more than 115 bridges on the state system built before 1932 and lengthy sections of interstate entering their fourth or fifth decade of service. The state must continue to ensure that these roads and bridges are safe and functional. The panel noted CDOT's efforts to maintain the system and the substantial challenges it faces in the near future. Positive feedback across the state led the panel to strongly endorse CDOT's current planning process as public, transparent, and collaborative.

Governor Ritter charged the panel with developing a vision for a 21st Century transportation system. In the panel's view, a 21st Century system must insure the mobility of people and goods, acknowledge the potential impacts of climate change and rising fuel prices, and recognize that Colorado is poised for considerable growth. Colorado's population is set to grow by more than a million citizens in the next 12 years. Rising fuel prices may be driven by policy or markets, but there is reason to believe that the era of inexpensive gasoline is coming to a close. The panel believes a modern system will include both highway expansions and expanded roles for transit, passenger rail, managed lanes, along with bicycle and pedestrian improvements.

The Update is prepared by the Division of Transportation Development's Planning Branch to keep CDOT employees and the public informed about the work of the Transportation Finance and Implementation Panel. The Update will be distributed periodically during the term of the panel.

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Range of Funding Thresholds Set Out

To meet the panel's vision requires additional funding. In response to the governor's request for options, the panel proposes thresholds of additional funding between \$500 million per year and \$2 billion per year. The \$500 million funding threshold is provided only as a means of safely maintaining existing infrastructure. To uphold its vision for Colorado transportation, the panel does not support seeking less than \$1 billion of additional annual transportation funding. The panel's preferred alternative is to seek \$1.5 billion of additional annual funding. This level of funding would enable Colorado to safely maintain its existing infrastructure and begin to address needed mobility investments, shoulder improvements, transit enhancements, environmental stewardship, bike and pedestrian projects, and allocations for local governments.

To address the needs of specific corridors, mobility investments will have the flexibility to develop highway, transit, or combination solutions. These investments are envisioned to include passenger rail. Shoulder improvements will focus on adding shoulders in rural regions to improve safety and mobility. Transit funds would address human service needs and improve services in urban and rural areas of the state. Environmental stewardship investments will target mitigation of projects completed before modern environmental reviews, such as sand in Black Gore Creek. Additional environmental spending could advance proactive mitigation programs, such as wildlife crossings or a wetlands preservation initiative. Bicycle and pedestrian investments would build on the federally funded transportation enhancement program. Local government allocations would be used for roadway or possibly transit improvements.

Each threshold of funding is associated with a set of performance outcomes. The outcomes are graded A through F like a school report card. The grading system does not reflect engineering levels of service, but is intended to help the public and policy makers understand in relative terms the outcomes provided by different levels of investment. Each funding threshold is presented below in summary form. The final report of the panel will include detailed discussion of each threshold.

\$500 million Funding Threshold

Investment Allocation		
Surface Treatment	\$222 million	Raise from C to B
Bridge	\$156 million	Maintain at B
Maintenance Levels of Service	\$82 million	Raise from C to B
Local Transportation	\$40 million	Varies by jurisdiction

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\$1.0 billion Funding Threshold

Investment Allocation		
Investment Category	Funding Level	Service Level Outcome
Surface Treatment	\$222 million	Raise from C to B
Bridge	\$156 million	Maintain at B
Maintenance Levels of Service	\$82 million	Raise from C to B
Shoulders	\$78 million	Raise from F to D
Mobility - \$260 million total		
• Strategic Projects	\$26 million	Accelerate funding obligation by two years
• Multi-Modal Mobility	\$156 million	Limit decline of Mobility to D- rather than to F
• Strategic Transit	\$78 million	Raise from D to D+
Transit – Urban	\$36 million	Raise from C to B
Transit – Rural	\$36 million	Raise from C to B
Environmental	\$25 million	Establish at B
Bicycle & Pedestrian	\$10 million	Establish at B
Local Transportation	\$95 million	Varies by jurisdiction

\$1.5 billion Funding Threshold – Preferred Alternative

Investment Allocation		
Investment Category	Funding Level	Service Level Outcome
Surface Treatment	\$222 million	Raise from C to B
Bridge	\$156 million	Maintain at B
Maintenance Levels of Service	\$82 million	Raise from C to B
Shoulders	\$78 million	Raise from F to D
Mobility - \$562 million total		
• Strategic Projects	\$56 million	Accelerate funding obligation by five years
• Multi-Modal Mobility	\$337 million	Limit decline of Mobility to D+ rather than to F
• Strategic Transit	\$169 million	Raise from D to C-
Transit – Urban	\$36 million	Raise from C to B
Transit – Rural	\$36 million	Raise from C to B
Environmental	\$25 million	Establish at B
Bicycle & Pedestrian	\$10 million	Establish at B
Local Transportation	\$293 million	Varies by jurisdiction

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\$2.0 billion Funding Threshold

Investment Allocation		
Investment Category	Funding Level	Service Level Outcome
Surface Treatment	\$222 million	Raise from C to B
Bridge	\$156 million	Maintain at B
Maintenance Levels of Service	\$82 million	Raise from C to B
Shoulders	\$78 million	Raise from F to D
Mobility - \$1.055 billion total		
• Strategic Projects	\$106 million	Accelerate funding obligation by six years
• Multi-Modal Mobility	\$632 million	Limit decline of Mobility to C+ rather than to F
• Strategic Transit	\$317 million	Raise from D to C+
Transit – Urban	\$36 million	Raise from C to B
Transit – Rural	\$36 million	Raise from C to B
Environmental	\$25 million	Establish at B
Bicycle & Pedestrian	\$10 million	Establish at B
Local Transportation	\$300 million	Varies by jurisdiction

Revenue Options Proposed

During the panel's first meeting, Governor Ritter emphasized that "all revenue options are on the table." The panel took the governor's charge to heart and with the help of its technical advisory committee considered more than 40 revenue options. After months of review and deliberation the panel focused its attention on five revenue options based on revenue raising capacity, logical connection to transportation and political viability. Each option is summarized below. The panel's final report will include a discussion of all options considered.

Increased vehicle registration fee

As a fee for a specific service, such as road maintenance, the legislature can pass an increase without voter approval. However, referral of the fee to the voters may be more acceptable to the public. The state vehicle registration fees currently average only \$30. This represents only 1/3 of the fees and taxes collected at the time of registration. Revenues from an increased fee would flow to the Colorado Highway Users Trust Fund and could be distributed under the current structure or under a newly legislated structure. Revenues will grow with new registrations and may offset increases in vehicle miles traveled. However, a fixed fee would not offset rising construction costs.

Increased motor fuel tax

The current state tax on gasoline is 22 cents per gallon and 20 cents per gallon on diesel fuel. The tax was last raised in 1991. Any increase to a motor fuel tax must gain voter approval.

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Other than tolls or fees on vehicle miles traveled (VMT), the fuel tax closest to a “pay-as-you-go” user fee. As alternative fuel sources and hybrid vehicles gain in popularity, a replacement revenue source (e.g. VMT fees) must be implemented. If the tax is not indexed to inflation it immediately loses purchasing power. Since it was last increased, the current motor fuel tax has lost 2/3 of its purchasing power.

New Daily Visitor Fee

As a fee for a specific service, the legislature could pass this without voter approval. However, referral of the fee to the voters may be more acceptable to the public. A fee may be preferred over a tax, because use of the transportation system should not correlate directly with the cost of the hotel room or auto rental. However, a \$6 daily fee on an otherwise inexpensive long-term stay or rental may deter such consumption. An unknown, but potentially substantial portion of daily car rentals and nightly lodging is by Colorado residents.

Increased sales & use tax

Any increase to the state sales and use tax must gain voter approval. At the state taxing level only, Colorado has the lowest sales and use tax burden of any state. When combining the state and local sales and use taxes, Colorado rises to the midpoint of the 50 states. As a general tax, revenues can be used for transit, unlike vehicle fees or fuel taxes, which are constitutionally restricted to highway spending. The history of sales tax collections by the state demonstrates the this tax is generally a strong and consistent generator of revenues for both the state and local governments, and one that can help offset population growth and rising construction costs. However, long-term projections indicate that the sales tax will become relatively less productive as the population of the state ages and spends less of its income on goods subject to sales tax.

Increased severance tax

Public meetings, particularly in regions with heavy oil and gas exploration, demonstrate the significant impact this industry has on the state’s roads. Colorado lags its neighboring states in severance tax collection, yet this tax is the state’s sole compensation for the depletion of a non-renewable asset that is no longer available to future generations. Consequently, the proceeds of a severance tax are most appropriately used to create long-lived assets such as transportation systems for use by multiple generations. Any increase to the severance tax must gain voter approval.

On the Web



Governor’s Transportation Finance and Implementation Panel site:
<http://www.colorado.gov/governor/> (following link for Transportation Panel)

The CDOT web site includes information provided to the Panel:
<http://www.dot.state.co.us/StateWidePlanning/PlansStudies/blueribbon.asp>

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Send comments, questions and ideas for *The Update* to Andrew Stober, andrew.stober@dot.state.co.us.