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Fiscal Note

Drafting Number: LLS 24-0978 Date: March 22, 2024
Prime Sponsors: Rep. Froelich; Brown Bill Status: House Trans., Hous. & Local Govt.
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Bill Topic: SUSTAINABLE LOCAL GOVERNMENT COMMUNITY PLANNING

Summary of Fiscal Impact: [] State Revenue [] State Transfer [x] Local Government
[x] State Expenditure [] TABOR Refund [] Statutory Public Entity

The bill creates new prioritization criteria for state agencies awarding grants and establishes new requirements for climate action plans and transportation demand management plans. It increases state and local expenditures on an ongoing basis.

Appropriation Summary: No appropriation is required. The State Highway Fund is continuously appropriated to the Colorado Department of Transportation at the discretion of the Transportation Commission.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under HB 24-1366

Table with 3 columns: Category, Budget Year FY 2024-25, and Out Year FY 2025-26. Rows include Revenue, Expenditures (General Fund, State Highway Fund, Total Expenditures, Total FTE), Transfers, and Other Budget Impacts.

Summary of Legislation

Prioritization criteria for state programs. The bill requires state agencies to prioritize awarding grants that:

- incentivize development that aligns with state climate and air quality goals;
- encourage water conservation and efficiency, and reduce water supply, treatment, and infrastructure costs;
- incentivize affordable housing development and promote access to transit that aligns with housing goals; and,
- support economic development and revitalization efforts in downtown areas.

Climate action plans. The bill requires counties and municipalities to include a climate action element in any master plan on or after January 1, 2025. A climate action element must include goals and strategies such as reducing greenhouse gas emissions, supporting electric vehicle charging infrastructure, reducing per capita vehicle miles traveled, and supporting renewable energy development. Once updated, a local government must provide the master plan to the Colorado Energy Office (CEO). The CEO must deliver the plan to the Department of Local Affairs (DOLA), the Colorado Department of Transportation (CDOT), and other agencies as determined by the CEO.

Transportation management plans. By December 31, 2024, CDOT must coordinate with metropolitan planning organizations (MPO) to establish criteria that defines growth corridors, and by April 1, 2025, identify growth corridors that meet the criteria. By December 31, 2026, the department and MPO must coordinate with local governments to develop transportation demand management plans for these corridors.

Statewide transportation plan. The bill requires the comprehensive statewide transportation plan to include new content related to transportation decisions on land use patterns; the promotion of walkable, mixed-use neighborhoods in transit-oriented centers along state highways; and the integration of planning efforts within CDOT to support multimodal transportation, neighborhood centers, and transit-oriented centers in infill areas and growth corridors.

In conjunction with the state transportation plan, CDOT must conduct a study on policy barriers and opportunities for implementation of context-sensitive design and pedestrian safety measures in some urban centers, neighborhood centers, and portions of state highway.

Background

CDOT is primarily funded from the State Highway Fund (SHF), which is comprised of federal funds, the state's share of the Highway Users Tax Fund, and other various sources of revenue. The decision-making authority for the majority of state transportation revenue rests with the Transportation Commission, which is responsible for allocating funds from the SHF.

State Expenditures

The bill increases State Highway Fund expenditures in CDOT by about \$300,000 in FY 2024-25 and FY 2025-26, and increases workload in the CEO and in various agencies that operate grant programs.

Department of Transportation. The bill increases workload and expenditures in CDOT to develop and update transportation plans.

- **Transportation demand management plans.** CDOT requires \$300,000 in FY 2024-25 and FY 2025-26 to implement transportation demand management plans within state growth corridors. CDOT has identified six locations which likely fit the criteria of a growth corridor, two of which already possess a plan that could meet the bill's requirements, so CDOT will collaborate with local governments and metropolitan planning organizations on four management plans over the course of two fiscal years. Based on the cost of previous management plans, each plan requires \$150,000 for consulting support. Consulting costs will be paid from the State Highway Fund, which is allocated by the Transportation Commission. The commission will adjust spending from the SHF to accommodate the increase in CDOT expenditures under this bill.
- **Statewide transportation plan.** Though the bill may increase workload in CDOT to update the statewide transportation plan to comply with the bill's requirements, this work can be accomplished within existing resources. In addition, CDOT will absorb the required policy barriers study into previously planned work related to the transportation plan.

Colorado Energy Office. The bill increases workload in the CEO starting in September 2024 to implement the bill's requirements and coordinate with DOLA and CDOT on climate action plans. This workload is absorbable within existing resources.

Other agencies. Various state agencies that operate grant programs will be required to adjust criteria for making grant awards to account for the new criteria outlined in the bill. It is assumed that these criteria will be used in addition to any existing criteria used by grant programs. Overall, this workload is expected to be minimal and can be accomplished within existing appropriations.

Local Government

The bill may increase workload for local governments that need to increase the scope of their master plans to include the required climate action elements. Workload may also increase for any local government that collaborates with CDOT in developing a transportation development management plan.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State and Local Government Contacts

Colorado Energy Office
Public Health and Environment

Counties
Public Safety

Local Affairs
Transportation

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).