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# Revised Fiscal Note

(replaces fiscal note dated January 19, 2024)

<b>Drafting Number:</b>	LLS 24-0242	<b>Date:</b>	February 7, 2024
<b>Prime Sponsors:</b>	Sen. Priola; Jaquez Lewis Rep. Vigil	<b>Bill Status:</b>	Senate Finance
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**Bill Topic: METHODS TO INCREASE THE USE OF TRANSIT**

<b>Summary of Fiscal Impact:</b>	<input checked="" type="checkbox"/> State Revenue	<input checked="" type="checkbox"/> State Transfer	<input checked="" type="checkbox"/> Local Government
	<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> TABOR Refund	<input type="checkbox"/> Statutory Public Entity

The bill creates the Youth Fare Free Transit Grant Program, makes changes to the Ozone Season Transit Grant Program, and creates a statewide transit pass exploratory committee. It creates ongoing state transfers, increases state expenditures, and may increase state revenue and local revenue and expenditures beginning in FY 2024-25.

**Appropriation Summary:** No appropriation is required, as the affected cash funds are continuously appropriated to the Department of Transportation.

**Fiscal Note Status:** The revised fiscal note reflects the introduced bill, as amended by the Senate Transportation and Energy Committee. The bill was recommended by the Transportation Legislation Review Committee.

**Table 1**  
**State Fiscal Impacts Under SB 24-032**

		<b>Budget Year FY 2024-25</b>	<b>Out Year FY 2025-26</b>
<b>Revenue</b>		-	-
<b>Expenditures</b>	Cash Funds	\$14,046,219	\$14,050,744
	Centrally Appropriated	\$18,541	\$21,868
	<b>Total Expenditures</b>	<b>\$14,064,760</b>	<b>\$14,072,612</b>
	<b>Total FTE</b>	<b>1.1 FTE</b>	<b>1.3 FTE</b>
<b>Transfers</b>	General Fund	(\$14.0 million)	(\$14.0 million)
	Ozone Season Transit Grant Program Fund	\$7.0 million	\$7.0 million
	Youth Fare Free Transit Grant Program Fund	\$7.0 million	\$7.0 million
	<b>Net Transfer</b>	<b>\$0</b>	<b>\$0</b>
<b>Other Budget Impacts</b>		-	-

## **Summary of Legislation**

The bill creates a new grant program for youth transit in the Department of Transportation (CDOT), relocates and extends an existing grant program from the Colorado Energy Office (CEO) to CDOT, and creates a committee to study the creation of a statewide transit program.

**Youth Fare Free Transit Grant Program.** The bill creates the Youth Fare Free Transit Grant Program to provide grants to the Regional Transportation District (RTD) or transit agencies for fare free year-round transit services for youth riders. CDOT must establish policies governing the grant program and to report to the General Assembly annually on the program. The State Auditor must include the Regional Transportation District's (RTD) use of grant money as part of its next performance audit. The bill creates the Youth Fare Free Transit Grant Program Fund, which consists of money the General Assembly appropriates or transfers to the fund, as well as any gifts, grants, or donations received for the program, and requires a \$7 million General Fund transfer to the fund on July 1, 2024, and each year thereafter. The fund is continuously appropriated to CDOT for administering the grant program.

**Ozone Season Transit Grant Program.** The bill relocates the Ozone Season Transit Grant Program to CDOT (from the Colorado Energy Office), eliminates the program's scheduled repeal, and requires a \$7 million General Fund transfer to the Ozone Season Transit Grant Program Fund on July 1, 2024, and each year thereafter. The fund is continuously appropriated to CDOT for administering the grant program.

**Transit pass exploratory committee.** The bill creates a statewide transit pass exploratory committee within CDOT to produce a proposal for implementing a statewide transit pass. The committee must be created by October 1, 2024, and produce a proposal by July 1, 2026, with an implementation goal of January 1, 2028. The committee members are appointed by the executive director of CDOT and must include representatives of a diverse group of transit agencies throughout the state and other stakeholders.

## **State Revenue**

The bill potentially increases state revenue to the Youth Fare Free Transit Grant Program from gifts, grants, or donations; however, no sources have been identified at this time. Gifts, grants, and donations are exempt from TABOR revenue limits.

## **State Transfers**

Beginning in FY 2024-25, the bill requires the following transfers on July 1 each year:

- \$7 million from the General Fund to the Youth Fare Free Transit Grant Program Fund; and
- \$7 million from the General Fund to the Ozone Season Transit Grant Program Fund.

**State Expenditures**

The bill increases state expenditures by \$14 million per year beginning in FY 2024-25, as shown in Table 3 below. Costs in DOR are paid from the General Fund, and costs in CDOT are paid from the State Highway Fund and various other cash funds available for the department’s construction, maintenance, and operations budget. These costs are described in more detail below.

**Table 2  
Expenditures Under SB 24-032**

	FY 2024-25	FY 2025-26
<b>Department of Transportation</b>		
Personal Services	\$62,755	\$73,694
Operating Expenses	\$1,024	\$1,280
Capital Outlay Costs	\$6,670	-
Grants	\$13,975,770	\$13,975,770
Centrally Appropriated Costs <sup>1</sup>	\$18,541	\$21,868
<b>Total Costs</b>	<b>\$14,064,760</b>	<b>\$14,072,612</b>
<b>Total FTE</b>	<b>1.1 FTE</b>	<b>1.3 FTE</b>

<sup>1</sup> Centrally appropriated costs are not included in the bill's appropriation.

**Department of Transportation.** The bill increases expenditures in CDOT to administer the exploratory committee and grant programs in the bill. Standard operating and capital outlay costs are included. Costs are paid from continuously appropriated fund sources in CDOT.

- **Staff.** CDOT requires 1.0 FTE in FY 2024-25 and FY 2025-26 to administer stakeholder outreach, meetings, and research associated with the exploratory committee. CDOT also requires 0.3 FTE to manage both grant programs, including developing grant policies, reviewing applications and reports, monitoring, and reporting to the legislature.
- **Grants.** After administrative expenditures, the remaining money transferred for the grant programs is available for CDOT to award grants to transit associations and RTD.

**Office of the State Auditor.** Auditing the Youth Fare Free Transit Grant Program in RTD increases workload in the Office of the State Auditor. Since the RTD audit takes place during RTD’s next performance audit, and since state law requires RTD to cover the costs of its audits, no change in appropriations is required.

**Centrally appropriated costs.** Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are shown in Table 2.

## **Local Government**

The bill may increase workload for transit associations, transit agencies, and RTD to apply for, implement, and report on grants. Transit agencies and RTD selected to receive grant funds will have increased revenue and additional costs to operate the free fare programs. In addition, in any year in which a grant award is less than the cost of implementing a free-fare program, the difference in cost will, on net, increase operating costs for the agency or RTD and reduce funding available for other services. Because program participation and local free fare program design depend on decisions by local entities, and grant award amounts will be determined by CDOT, these impacts are not estimated in the fiscal note. For informational purposes, RTD estimates that foregone fare collections during ozone season are about \$7 million per month, and that providing free fares to youth reduces fare collections by up to \$5 million per year.

## **Effective Date**

The bill takes effect upon signature of the Governor, or upon becoming law without his signature, except the provisions related to the Ozone Season Transit Grant Program, which take effect July 1, 2024.

## **State and Local Government Contacts**

Colorado Energy Office  
Revenue

Information Technology  
State Auditor

Personnel  
Transportation

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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: [leg.colorado.gov/fiscalnotes](http://leg.colorado.gov/fiscalnotes).