



Legislative Council Staff
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Final Fiscal Note

Drafting Number: LLS 24-1109 Date: August 5, 2024
Prime Sponsors: Sen. Kirkmeyer; Bridges Bill Status: Deemed Lost
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Bill Topic: COLORADO ROADSIDE & OUTDOOR RECREATION INDUSTRY ENTERPRISE

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

The bill would have created the Colorado Roadside Improvement and Outdoor Recreational Industry Promotional Enterprise in the Department of Transportation. It would have impacted state revenue and expenditures and would have minimally increased local expenditures beginning in FY 2024-25.

Appropriation Summary: No appropriation would have been required.

Fiscal Note Status: The final fiscal note reflects the introduced bill. The bill was deemed lost in the Senate Appropriations Committee on May 9, 2024; therefore, the impacts identified in this analysis do not take effect.

Table 1
State Fiscal Impacts Under SB 24-219

Table with 4 columns: Category, Fund, Budget Year FY 2024-25, and Out Year FY 2025-26. Rows include Revenue (State Highway Fund, Enterprise Cash Fund, Total Revenue), Expenditures (State Highway Fund, Enterprise Cash Fund, Centrally Appropriated, Total Expenditures, Total FTE), Transfers, and Other Budget Impacts.

## **Summary of Legislation**

The bill creates the Colorado Roadside Improvement and Outdoor Recreational Industry Promotional Enterprise in the Department of Transportation (CDOT) and a related fund. CDOT may contract with the enterprise to implement its business information sign and tourist-oriented directional sign programs. To fund enterprise activities and administration, the enterprise may also collect the sign programs administrative and maintenance fee. The enterprise must:

- administer, in coordination with the Outdoor Recreation Industry Office in the Office of Economic Development (OEDIT), the Outdoor Recreational Industry Promotional Grant Program to provide grants for promoting the outdoor recreational industry;
- work with CDOT and other state and local agencies to assist with rest areas and ensure rest areas are safe, accessible, and well-maintained; and,
- by June 1, 2025, publish on its website a 10-year plan along with an estimate of funding needed to implement the plan. The enterprise must also maintain a public accountability dashboard, prepare an annual report for relevant legislative committees, and seek public input on projects and activities.

## **Background**

Current law allows CDOT to issue permits approving specific information signs (LOGO) on interstates, freeways and expressways, and tourist-oriented directional signs (TODS) on non-interstate highways. An eligible business must apply for a permit to display a LOGO or TODS plaque on a CDOT sign structure. Program fees are based on average daily traffic in both sign programs. More information is available on [CDOT's website](#).

## **State Revenue**

The bill increases revenue by about \$1.1 million to the enterprise fund in FY 2024-25 and ongoing years, as shown in Table 2. Concurrently, the bill decreases revenue by \$1.1 million in the State Highway Fund. Under current law, the program fees for businesses participating in the LOGO and TODS programs are deposited into the State Highway Fund. The bill allows the enterprise to collect those fees starting in FY 2024-25 to fund enterprise activities and administration. To the extent that fee rates are adjusted in future years, revenue to the program may increase or decrease depending on the new rate, which may be adjusted based on market conditions and inflation. This revenue is not subject to the state's revenue limit under TABOR in years when the program qualifies as a state enterprise under TABOR.

**Table 2  
Revenue Under SB 24-219**

	FY 2024-25	FY 2025-26
<b>Department of Transportation</b>		
State Highway Fund	(\$1.1 million)	(\$1.1 million)
Enterprise Fund	\$1.1 million	\$1.1 million
<b>Total Revenue</b>	<b>\$0</b>	<b>\$0</b>

**Voter approval of new state enterprises.** Current law requires voter approval for a state enterprise with projected or actual revenue from fees and surcharges over \$100 million in its first five fiscal years. The new enterprise in this bill will begin operating in FY 2024-25. Through FY 2027-28, the enterprise is projected to collect less than \$100 million in fees and not require voter approval.

**State Expenditures**

The bill increases expenditures in the enterprise fund by about \$1.1 million and decreases expenditures in the State Highway Fund by \$1.1 million in FY 2024-25 and ongoing years. On net, the bill increases CDOT expenditures by \$19,000 in FY 2024-25 and \$17,000 in FY-2024-25 and ongoing years. Expenditures are shown in Table 3 and detailed below.

**Table 3  
Expenditures Under SB 24-219**

	FY 2024-25	FY 2025-26
<b>Department of Transportation</b>		
State Highway Fund	(\$1.1 million)	(\$1.1 million)
Personal Services	\$63,710	\$56,726
Operating Expenses	\$1,280	\$1,152
Capital Outlay Costs	\$6,670	-
Enterprise Activities and Grants	up to \$1 million	up to \$1 million
Centrally Appropriated Costs <sup>1</sup>	\$18,851	\$16,609
<b>Total Cost</b>	<b>\$18,851</b>	<b>\$16,609</b>
<b>Total FTE</b>	<b>1.0 FTE</b>	<b>0.9 FTE</b>

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

**Colorado Roadside Improvement and Outdoor Recreational Industry Promotional Enterprise.** The bill increases costs in the enterprise in CDOT starting in FY 2024-25. These costs are for staff to administer the enterprise and for other enterprise activities.

- **Enterprise staff.** The enterprise requires 1.0 FTE in FY 2024-25 and 0.9 FTE in ongoing years for enterprise administration, accounting, and budget staff to support enterprise activities and meet the administrative requirements of the bill. All positions assume a July 2024 start date, and standard operating and capital outlay costs are included.
- **Enterprise activities and grants.** After paying for staff to administer and support the enterprise, the enterprise will have about \$1 million annually to develop the Outdoor Industry Promotional Grant Program, collaborate with other agencies to work on modernizing and maintaining rest areas, and develop additional programming.

**State Highway Fund.** The bill decreases expenditures in the State Highway Fund in FY 2024-25 and ongoing years. The Transportation Commission will adjust spending from the State Highway Fund to accommodate the impacts of the bill.

**Office of Economic Development.** The bill requires the enterprise to coordinate with the Outdoor Recreation Industry Office in OEDIT to administer the Outdoor Industry Promotional Grant Program. This workload increase is expected to be minimal and can be accomplished within existing resources.

**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 3.

## Other Budget Impacts

**TABOR.** The fiscal note assumes that there will be a downward adjustment to the Referendum C cap of about \$1.1 million to reflect the shift in current state revenue subject to TABOR becoming part of an enterprise. Thus, the bill will not have an impact on TABOR refunds, as it reduces state revenue subject to TABOR and the amount of the cap by equal amounts. Ongoing and additional revenue to the enterprise is not subject to TABOR and will not affect future TABOR refunds.

## Local Government

The bill may increase workload for local governments to collaborate with the enterprise on modernizing and improving rest areas. Any workload increase is expected to be minimal and absorbable within existing resources.

**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**

Counties

Economic Development

Local Affairs

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 the [General Assembly website](#).