

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



**FY 2009-10 STAFF BUDGET BRIEFING
DEPARTMENT OF TRANSPORTATION**

**JBC Working Document - Subject to Change
Staff Recommendation Does Not Represent Committee Decision**

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November 20, 2008**

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**FY 2009-10 BUDGET BRIEFING
STAFF PRESENTATION TO THE JOINT BUDGET COMMITTEE**

DEPARTMENT OF TRANSPORTATION

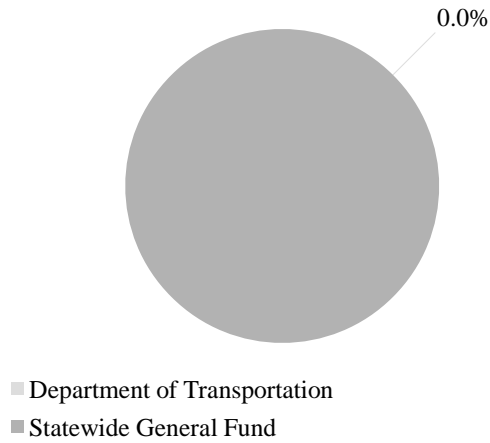
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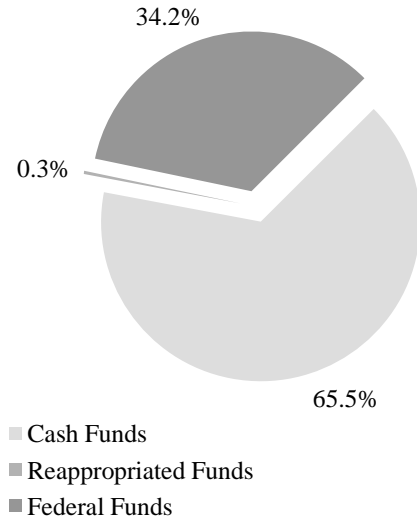
**FY 2009-10 Joint Budget Committee Staff Budget Briefing
Department of Transportation**

GRAPHIC OVERVIEW

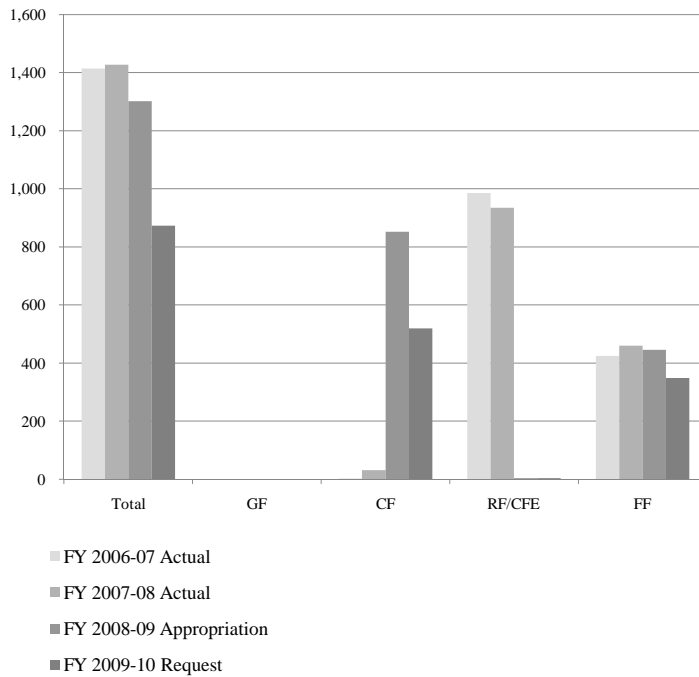
Department's Share of Statewide General Fund



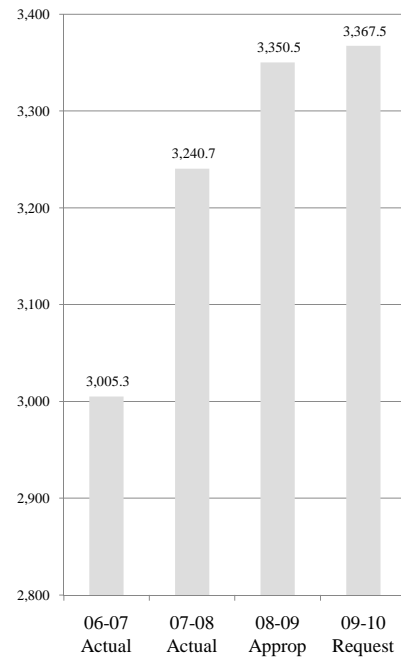
Department Funding Sources



**Budget History
(Millions of Dollars)**



FTE History

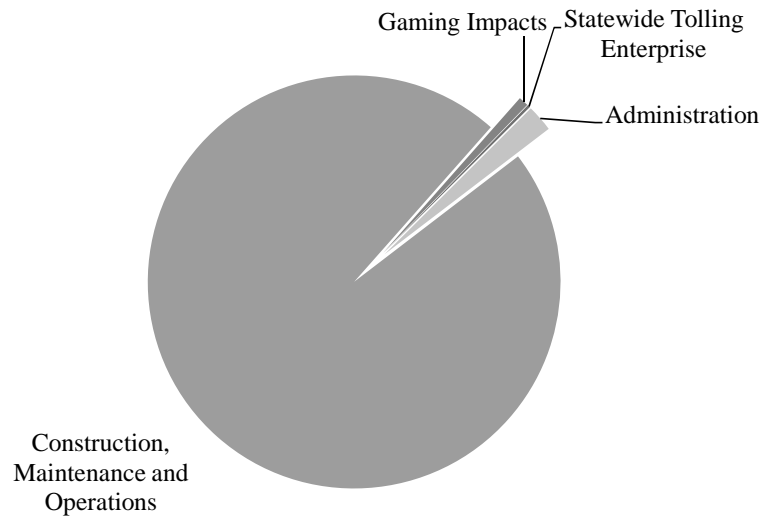


Unless otherwise noted, all charts are based on the FY 2008-09 appropriation.

Distribution of General Fund by Division

The Department of Transportation received no General Fund appropriation in FY 2008-09.

Distribution of Total Funds by Division



**FY 2009-10 Joint Budget Committee Staff Budget Briefing
Department of Transportation**

DEPARTMENT OVERVIEW

Key Responsibilities

- Operates the 9,134 mile state highway system, which includes 3,775 bridges and handles over 28 billion miles of vehicle travel.
- Manages over 150 highway construction projects statewide.
- Maintains the state highway system, including repairing road damage, filling potholes, plowing snow, and applying sand to icy roads.
- Assists in development of a statewide, multi-modal transportation system by providing assistance to local transit systems in the state.
- Develops and implements the State's Highway Safety Plan, including efforts to combat drunk driving, encourage seatbelt use, enforce speed limits, and reduce traffic fatalities.
- Maintains the statewide aviation system plan, provides technical support to local airports regarding aviation safety, and administers both entitlement reimbursement of aviation fuel tax revenues and discretionary grants to local airports.

Factors Driving the Budget

General Fund Transfers for Highway Construction Projects

In 1995, the Transportation Commission approved a 20-Year Transportation Plan which estimated that projected revenues over the next 20 years would be \$8 billion short of the amount required to complete priority state transportation projects. In 1996, the Strategic Corridor Projects plan identified 28 high priority projects of statewide significance needing to be expedited, called the "7th Pot" projects. In response to those transportation plans, the General Assembly started providing General Fund moneys to the Department of Transportation from Capital Construction Fund appropriations, S.B. 97-1 sales and use tax revenues diversions (specifically for the "7th Pot" projects), and Limited Gaming Fund moneys to assist in completion of priority transportation projects. Again in 2000, a new 20-Year Transportation Plan indicated a \$1.9 billion shortfall in funding for state transportation needs. The General Assembly later passed H.B. 02-1310/S.B. 02-179 which directs two-thirds of any General Fund excess reserve to the Department of Transportation.

The most recent Department long-term planning document, the 2035 Statewide Transportation Plan released in March 2008, projects that revenues available for state highways (\$28 billion) and transit and other modes and local roads (\$95 billion) will total \$123 billion between 2007 and 2035. The Department further estimates that it would take a minimum of \$176 billion in revenues (state

highway \$64 billion and other modes and local roads \$112 billion) over that period just to sustain existing levels of service.

General Fund transfers to the Department fluctuate with revenues and economic conditions. During the economic downturn earlier this decade General Fund sources had mostly disappeared, with the exception of some annual appropriations from the Limited Gaming Fund and current and projected General Fund excess reserve transfers. After the passage of Referendum C, General Fund revenues became available to the Department once again. However, current revenue forecasts show limited or no transfers in FY 2008-09 and future years (see table below).

**Transportation Funding (GF Diversions)
Historical Data
(in millions)**

	01	02	03	04	05	06	07	08	Totals
Capital	\$51.1	\$0.0	\$0.0	\$0.0	\$0.0	\$10.0	\$15.0	\$20.0	\$96.1
S.B. 97-1	197.2	35.2	0.0	0.0	0.0	220.4	230.6	238.1	921.5
Gaming	5.1	5.0	1.0	0.0	0.0	0.0	5.3	14.3	30.7
H.B. 02-1310	n/a	n/a	n/a	0.0	81.2	65.3	291.2	166.1	603.8
Totals	\$253.4	\$40.2	\$1.0	\$0.0	\$81.2	\$295.7	\$542.1	\$438.5	\$1,652.1

**Transportation Funding (GF Diversions)
Four Year Projection*
(in millions)**

	09	10	11	12	Totals
Capital**	\$9.0	\$0.0	\$0.0	\$0.0	\$9.0
S.B. 97-1	0.0	0.0	174.0	274.4	448.4
Gaming***	10.1	10.4	0.0	0.0	20.5
H.B. 02-1310	27.7	0.0	0.0	0.0	27.7
Totals	\$46.8	\$10.4	\$174.0	\$274.4	\$505.6

* Taken from JBC staff November 12, 2008 document "Overview of FY 2009-10 Budget Request," General Fund Overview section, based on Legislative Council September 2008 Revenue Estimate. The estimate includes bills passed during the 2008 Session.

** H.B.. 08-1376 transferred \$9 million from the General Fund Exempt Account to the Capital Construction Fund in FY 2008-09. Staff has not included amounts for years beyond FY 2008-09 because the General Assembly makes a determination on a year-by-year basis.

*** Pursuant to Section 12-47.1-701 (c) (I), C.R.S., the General Assembly determines and appropriates an amount as a separate line item to be transferred to the State Highway Fund for Gaming Impacts. Staff has included the amount appropriated for FY 2008-09 and the Department's request for FY 2009-10 but has not included an amount for each year after FY 2009-10 because the General Assembly makes a determination on a year-by-year basis.

Transportation Revenue Anticipation Notes (TRANS)

In 1999, the General Assembly enacted H.B. 99-1325, which was submitted to and approved by the voters (as Referendum A) that year. The referendum authorized the Department to borrow up to \$1.7 billion by selling TRANS bonds in order to accelerate construction on the "7th Pot" projects. The bill and referendum (Section 43-4-700, C.R.S.) effectively allowed the state to borrow against future federal and state funding as a "multiple-fiscal year obligation" approved by the voters under TABOR. As a result, the proceeds from TRANS are exempt from TABOR limitations, and the TRANS debt service payments are exempt from TABOR spending limits.

H.B. 99-1325 set other limits on the TRANS program beyond the \$1.7 billion maximum principal issuance amount and the requirement to use the proceeds on the "7th Pot" projects:

- the maximum repayment amount was set at \$2.3 billion (Federal legislation permits the use of federal funds to pay debt service on bonds used for transportation projects eligible for federal funding. Colorado and the Federal Highway Administration have agreed to a minimum 50 percent state match on the TRANS debt service payments);
- the federal portion of the debt service payment for a given year cannot exceed 50 percent of the previous year's federal funding received by the Department; and
- the repayment of the bonds may be from federal funds, state-matching funds, bond proceeds, or interest earnings.

As of June 2005, CDOT had reached the \$2.3 billion total current repayment limit (per H.B. 99-1325), making approximately \$1.5 billion available for projects. All TRANS funds have been budgeted and are under contract. Annual debt service payments of approximately \$168 million will continue through FY 2016-17. Section 43-4-713, C.R.S., requires the Department to submit a TRANS report to the Joint Budget Committee each year by January 15. Below are two tables summarizing the 2008 report. The first summarizes the total debt service by fiscal year and the second lists the TRANS projects' funding and status.

Fiscal Year	TRANS Debt Service
2000-01	33,791,818
2001-02	66,812,891
2002-03	71,140,530
2003-04	65,207,424
2004-05	84,787,100
2005-06	167,990,652
2006-07	167,981,531
2007-08 through 2016-17	1,642,285,748
Total	2,299,997,694

Corridor	Description	TRANS Proceeds	Status
01	I-25, US50 to SH47 Interchange	\$15,349,890	Complete
02	I-25 S Academy to Briargate	99,589,926	Complete
03	I-25/US36/SH270	62,354,795	Complete
04	I-225 & Parker	51,468,482	Complete
05	I-76 / 120th Ave	20,494,593	Complete
06	I-70 /I-25 Mousetrap Renovation	33,344,451	Complete
07	I-25 Owl Canyon Rd to Wyoming	0	Complete
08	I-70 East Tower Road to Kansas	52,102,632	Complete
09	North I-25 / SH7 - SH66	43,321,536	Complete
10	US50 Grand Jct to Delta	40,219,997	Complete
11	US285 Goddard Ranch Court to Foxton Rd	26,397,379	Complete
12	South US287 Campo to Hugo	41,310,748	Ongoing
13	US160 Wolf Creek Pass	47,436,186	Complete
14	US40 Winter Park to Berthoud Pass	26,659,652	Complete
15	US550 New Mexico State Line to Durango	18,780,177	Ongoing
16	US160 Jct SH3 to Florida River	25,762,559	Ongoing
17	C-470 Extension	181,482	Complete
18	US34 & I-25 to US85	0	Complete
19	US287 Broomfield to Loveland	38,060,099	Complete
20	Powers Blvd, Colorado Springs	51,346,759	Ongoing
21	SH82 Basalt to Aspen	123,369,998	Complete
22	Sante Fe Corridor	0	Complete
23	Southeast Corridor I-25, Broadway to Lincoln TREX	476,929,423	Complete
24	East Corridor MIS	0	Ongoing
25	West Corridor MIS	4,418,921	Ongoing
26	I-70 West EIS	52,112,438	Ongoing
27	I-25 South Corridor Denver to Colorado Springs	91,206,596	Ongoing
28	I-25 North Corridor Denver to Fort Collins	45,346,282	Ongoing
Total Issuance		\$1,487,565,001	

Availability of Federal Funds

CDOT receives federal funding for four basic purposes, including highways (Federal Highway Administration funds), highway safety (National Highway Traffic Safety Administration funds), transit (Federal Transit Administration funds), and aviation (Federal Aviation Administration funds). Federal funds provide a significant share of the Department's resources (32.2 percent of the Department's actual budget in FY 2007-08), and fluctuations in the availability of federal funds affect the Department's annual budgetary outlook. The annual availability of federal funds is determined by multi-year authorization bills. The current authorization bill, the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) expires in September 2009.

The Department's total share of federal funds has increased in recent years, from a total of \$359.7 million in FY 2000-01 to \$552.5 million in FY 2007-08.¹ Similarly, Colorado's share of federal highway funds increased from \$351.5 million in FY 2000-01 to \$533.8 million in FY 2007-08, according to CDOT records. Going forward, federal funding is expected to decline in FY 2008-09 and FY 2009-10 (see table below). Current budgetary conditions, including the depletion of the surplus in the federal Highway Trust Fund, have resulted in "obligation limits" reducing each state's funding below the full amounts authorized in SAFETEA-LU.

Federal Funding to CDOT (\$ in millions)

Source	FY 00-01	FY 01-02	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07	FY 07-08	FY 08-09 Est.	FY 09-10 Est.
FHWA	351.5	372.7	373.7	333.6	396.0	434.2	527.6	533.8	337.1	330.4
FTA	4.2	7.4	10.5	8.3	9.2	9.1	10.9	10.2	13.1	13.5
FAA	0.3	0.2	0.3	0.3	0.2	0.3	0.2	0.3	0.2	0.3
NHTSA	3.7	4.2	4.4	4.7	4.7	5.0	3.4	8.1	6.5	4.9
Total	359.7	384.4	388.9	346.9	410.2	448.6	542.1	552.5	356.9	349.1

The Department is currently anticipating \$337.1 million in federal highway funds in FY 2008-09 (\$196.7 million below FY 2007-08) and \$330.4 million in FY 2009-10 (\$203.4 million below FY 2007-08).

¹Actual expenditures from federal funds shown in the numbers pages (see Appendix A) are significantly different. For example, the numbers pages show a total of \$459.9 million in federal funds in FY 2007-08 because that was the amount actually spent in that fiscal year. The \$552.5 discussed here is the revenue apportioned by the federal government, some of which will be spent after FY 2007-08.

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DECISION ITEM PRIORITY LIST

Decision Item	GF	CF	RF	FF	Total	FTE
1	0	10,423,773	0	0	10,423,773	0.0
Gaming Impacts to Transportation						
<p>Gaming Impacts. The Department requests \$10.4 million in cash funds from the Limited Gaming Fund to address the impacts of gaming related traffic increases on highways leading to and within 50 miles of the limited gaming communities. The request would provide additional resources for construction, rock fall mitigation, and highway maintenance on State highways in the vicinity of gaming communities. (See Issue #2 on page 14.) <i>Statutory authority: Section 12-47.1-701(1)(c)(I), C.R.S.</i></p>						
2	0	2,096,678	0	0	2,096,678	0.0
Transportation Base Adjustment						
<p>Administration and First Time Drunk Driving Offenders Account (New Line Item). The Department requests a net increase of \$96,678 cash funds (State Highway Funds) to the Administration line item to account for changes the Department has made within the Administration program line in prior years and to establish a consistent methodology for allocating statewide indirect costs between Administration and Construction, Maintenance, and Operations. The request also includes \$2 million cash funds from the First Time Drunk Driving Offenders Account of the HUTF for a new line item/division, the First Time Drunk Driving Offenders Account, to increase the number of high visibility DUI law enforcement actions pursuant to H.B. 08-1194. H.B. 08-1194 provided \$2 million for such activities to the non-appropriated Construction, Maintenance and Operations line item in FY 2008-09. However, because the Construction line is continuously appropriated and H.B. 08-1194 makes the funds for increased DUI enforcement subject to annual appropriation, the Department is requesting the creation of a new line item. (See Issue #3 on page 19.) <i>Statutory authority: Sections 43-1-113(2)(c)(III), 43-1-113(3)(a), 43-1-113(8)(a), and 43-4-901, C.R.S.</i></p>						
3	0	78,902	0	0	78,902	1.0
Transportation Rule Making FTE						
<p>Administration. The Department requests \$78,902 cash funds (State Highway Funds) and 1.0 FTE to improve rule making procedures in implementing new legislation and updated policies. The position would be housed within the Office of Government Relations, under the Administration line item. This work has historically been performed by a permit office employee funded through the non-appropriated Construction, Maintenance, and operations line item but CDOT says that increases in the rule making workload make the current situation unsustainable. <i>Statutory authority: Sections 42-1-106 (k) and 43-1-113(2)(c)(III), C.R.S.</i></p>						
NP-1	0	582	0	0	582	0.0
Ombudsman Program Increase - Workers Compensation						
<p>Administration. This is the only statewide common policy adjustment affecting the legislatively appropriated Administration division. The adjustment also includes a request of \$9,261 from the non-appropriated Construction, Maintenance, and Operations line item.</p>						
Total	0	12,599,935	0	0	12,599,935	1.0

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OVERVIEW OF NUMBERS PAGES

The following table summarizes the total change, in dollars and as a percentage, between the Department's FY 2008-09 appropriation and its FY 2009-10 request.

Total Requested Change, FY 2008-09 to FY 2009-10 (millions of dollars)

Category	GF	CF	RF	FF	Total	FTE
FY 2008-09 Appropriation	\$0.0	\$852.3	\$4.0	\$445.5	\$1,301.8	3,350.5
FY 2009-10 Request	0.0	520.0	4.0	349.1	873.1	3,367.5
Increase / (Decrease)	\$0.0	(\$332.3)	\$0.0	(\$96.4)	(\$428.7)	17.0
Percentage Change	n/a	-39.0%	0.0%	-21.6%	-32.9%	0.5%

The following table highlights changes contained in the Department's FY 2009-10 budget request, as compared with the FY 2008-09 appropriation. For additional detail, see the numbers pages in Appendix A.

Requested Changes, FY 2008-09 to FY 2009-10

Category	CF	RF	FF	Total	FTE
Administration	\$245,707	(\$5,614)	\$0	\$240,093	1.0
Transportation Base Adjustment (DI #2)	96,678	0	0	96,678	0.0
Transportation Rule Making FTE (DI #3)	78,902	0	0	78,902	1.0
Annualize FY 2008-09 Decision Items	32,519	(29,342)	0	3,177	0.0
Other*	37,608	23,728	0	61,336	0.0
Construction, Maintenance, and Operations	(\$334,766,225)	\$0	(\$96,476,510)	(\$431,242,735)	15.0
Gaming Impacts (DI #1)	\$296,499	\$0	\$0	\$296,499	0.0
Statewide Tolling Enterprise	(\$60,000)	\$0	\$0	(\$60,000)	1.0
First Time Drunk Driving Offenders Account (New Line Item, DI #2)	\$2,000,000	\$0	\$0	\$2,000,000	0.0
Total Change	(\$332,284,019)	(\$5,614)	(\$96,476,510)	(\$428,766,143)	17.0

* Includes changes in salaries and benefits and other centrally appropriated items.

**FY 2009-10 Joint Budget Committee Staff Budget Briefing
Department of Transportation**

BRIEFING ISSUE

ISSUE: Declining Revenues for Transportation

As a result of reduced or eliminated transfers from the General Fund and declines in the availability of federal funds, the Department's request anticipates \$873 million in total revenues in FY 2009-10, which would represent the lowest level of total revenue since FY 2003-04.

SUMMARY:

- ❑ The Department's FY 2009-10 budget anticipates a total of \$873 million in revenues for FY 2009-10, a reduction of \$691.5 million (44 percent) from FY 2007-08 actual revenues and \$121.9 million (12 percent) from current estimates of revenues for FY 2008-09.
- ❑ The anticipated total of \$873 million overstates the revenues available for the Department's work in FY 2009-10 because of the obligation to pay approximately \$168 million in debt service on the TRANs bonds. Subtracting out other programs not related to projects (for example the safety programs) would further reduce the funds available for projects in FY 2009-10.
- ❑ Current estimates show relatively flat funding from the state Highway Users Tax Fund (HUTF) for FY 2009-10, though those revenues are losing purchasing power relative to inflation. Anticipated declines in transfers from the General Fund (pursuant to S.B. 97-1 and H.B. 02-1310) and in federal funds are driving the reduction from prior year revenues.

DISCUSSION:

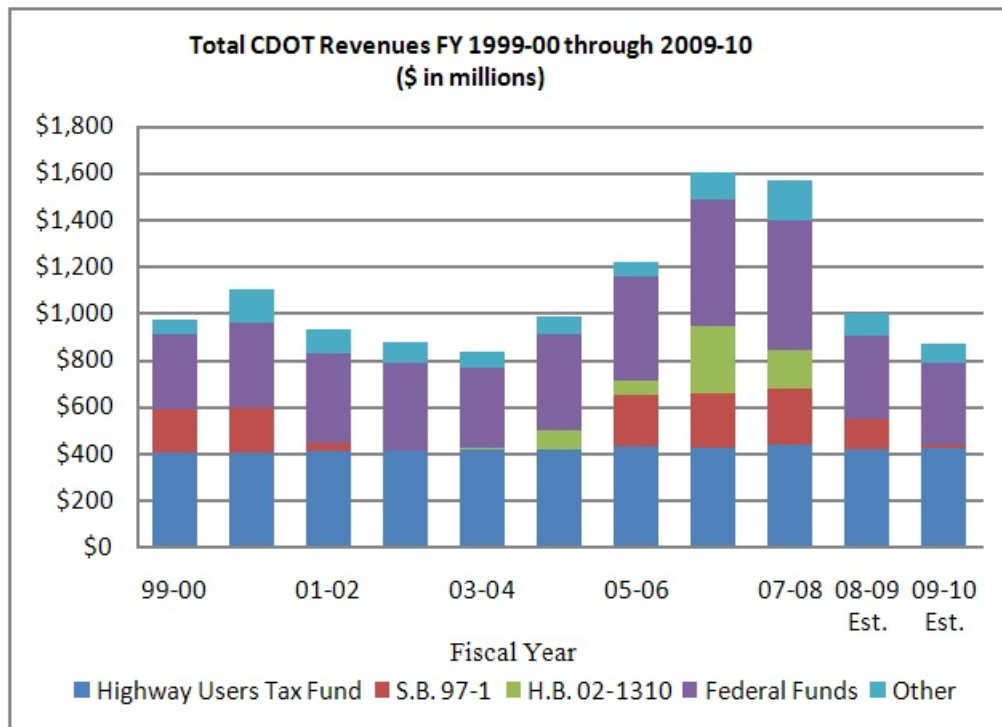
The FY 2009-10 Request

The Department's FY 2009-10 budget request includes \$873 million in total revenues, which would represent a \$691.5 million reduction from the \$1.56 billion in actual revenues in FY 2007-08. The FY 2009-10 total also represents a decrease of \$121.9 million from current estimates for FY 2008-09.

The total request of \$873.0 million overstates the amount of funding expected to be available for highway projects because of the need to make debt service payments on the Transportation Revenue Anticipation Notes (TRANs). The Department must pay approximately \$168.0 million in debt service in FY 2009-10 (and each year through FY 2016-17), reducing the total budget for other purposes, including highways, transit, aeronautics, safety, and other programs to \$705.0 million. Although the Transportation Commission has not yet allocated funds for FY 2009-10, and therefore details are not available, excluding non-highway programs from the total would reduce the amount available for maintenance and constructions projects even further.

The Department is also facing a revenue decline for the current fiscal year (FY 2008-09) relative to FY 2007-08. CDOT's current revenue estimates anticipate \$994.9 million in total revenues for FY 2008-09, approximately \$569.7 million (36.4 percent) below actual revenue levels from FY 2007-08 and \$306.9 million below the FY 2008-09 Long Bill estimate of \$1.3 billion.

The chart below shows trends in the Department's major funding sources since FY 1999-00. Below the chart is a discussion of the trends in the Department's major highway-related fund sources.



Highway Users Tax Fund (HUTF)

The Department's estimate for FY 2009-10 includes \$419.5 million from the HUTF, which is primarily derived from state excise taxes on gasoline and diesel fuel with additional revenues from vehicle registration fees and other fees. HUTF revenues had increased some over the past several years, but appear to have leveled off and may be decreasing as a result of increased fuel efficiency and reduced vehicle miles of travel (see table below).

CDOT's Share of HUTF Revenues for FY 2004-05 through FY 2009-10*

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Estimate	FY 2009-10 Request
HUTF Revenues	\$412,807,870	\$422,757,149	\$422,140,712	\$433,361,456	\$414,319,914	\$419,452,753

*Data provided by CDOT.

Motor fuel taxes account for more than 70 percent of HUTF revenues (71.8 percent in FY 2007-08), making fuel tax rates a key driver in overall HUTF funding. The state tax on gasoline (\$0.22 per gallon) was last raised in 1991, while the tax on diesel fuel has been \$.205 per gallon since 1992. Without an increase in the tax rate(s), excise tax revenues can only increase with rising fuel consumption (requiring increases in vehicle miles of travel, reduced fuel efficiency, or both). In contrast, increases in fuel efficiency and/or decreases in vehicle miles of travel decrease excise tax revenues. If Colorado follows recent national trends, then increased demand for fuel efficient vehicles and reduced driving may serve to decrease future fuel tax revenues in Colorado (thus far, CDOT has not seen decreases in VMT comparable to the national trends). In addition, with inflation in construction costs and in other Departmental expenses, HUTF revenues continue to lose purchasing power even without declines in actual revenues. CDOT estimates that state motor fuel taxes have lost two-thirds of their purchasing power since the taxes were last increased. Therefore, even flat revenues represent a decline in the number and type of projects the Department can afford.

General Fund Transfers (S.B. 97-1 and H.B. 02-1310)

The Department received \$407.4 million in General Fund transfers pursuant to S.B. 97-1 (sales and use tax) and H.B. 02-1310 (prior year General Fund excess reserve) in FY 2007-08, accounting for 26 percent of the Department's budget that year. However, current forecasts indicate that General Fund transfers will decline or disappear in FY 2008-09 and FY 2009-10. The tables below provide General Fund transfer data for FY 2000-01 through FY 2009-10.

General Fund Transfers FY 2000-01 through FY 2009-10*

Fund Source	FY 2000-01 Actual	FY 2001-02 Actual	FY 2002-03 Actual	FY 2003-04 Actual	FY 2004-05 Actual
S.B. 97-1 (highways)	\$197,175,627	\$35,179,062	\$0	\$0	\$0
S.B. 97-1 (transit)**	0	0	0	0	0
H.B. 02-1310	0	0	0	5,559,333	81,212,000
Total	\$197,175,627	\$35,179,062	\$0	\$5,559,333	\$81,212,000

Fund Source	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Estimate	FY 2009-10 Estimate
S.B. 97-1 (highways)	\$198,376,279	\$205,740,000	\$217,087,975	\$0	\$0
S.B. 97-1 (transit)**	22,041,809	22,860,000	24,120,886	0	0
H.B. 02-1310	65,344,667	291,178,667	166,182,000	27,700,000	0
Total	\$285,762,755	\$519,778,667	\$407,390,861	\$27,700,000	\$0

* Data from FY 2000-01 through FY 2007-08 provided by CDOT; projections for FY 2008-09 and FY 2009-10 are as shown in JBC staff November 12, 2008 document "Overview of FY 2009-10 Budget Request," General Fund Overview section, based on Legislative Council September 2008 Revenue Estimate.

** H.B. 02-1310 requires that at least 10 percent of S.B. 97-1 transfers be used for transit purposes.

During strong economic times, General Fund transfers provide significant revenue to CDOT. However, during downturns in the economy and state revenues, such transfers are not available. As shown in the table above, Legislative Council Staff forecasts show drastically reduced transfers in FY 2008-09 and no transfers in FY 2009-10. Staff notes that the Department's budget estimates include \$129.7 million in S.B. 97-1 transfers in FY 2008-09 and \$13.9 million FY 2009-10. Legislative Council Staff's current forecasts show *no* S.B. 97-1 transfers in those years, indicating that the Department's estimates may be inflated for the current and budget years.

Federal Funds

The Department receives federal funds from four federal transportation agencies: 1) highway funds from the Federal Highway Administration (FHWA); 2) highway safety funds from the National Highway Traffic Safety Administration (NHTSA); 3) aviation funds from the Federal Aviation Administration (FAA); and 4) transit funds from the Federal Transit Administration (FTA). As shown in the table below, the Department's federal revenues have increased in recent years but are expected to decline in FY 2008-09 and FY 2009-10 as a result of the decreased availability of federal highway funds.

Fund Source	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Estimate	FY 2009-10 Estimate
FHWA	\$434,225,089	\$527,625,297	\$533,844,350	\$337,114,677	\$330,415,371
NHTSA	5,044,862	3,365,701	8,089,138	6,477,600	4,876,274
FAA	269,651	190,275	340,933	201,862	298,578
FTA	9,054,034	10,920,914	10,185,537	13,145,853	13,466,425
Total	\$448,593,636	\$542,102,187	\$552,459,958	\$356,939,992	\$349,056,648

The availability of federal transportation funds is determined by multi-year authorization bills, and the current bill (SAFETEA-LU) expires in 2009. SAFETEA-LU has spent down the previous surplus in the federal Highway Trust Fund. At the same time, the federal Highway Trust Fund (funded by federal motor fuel taxes) has experienced a decline in incoming revenues due to decreases in VMT nationally. The combination has resulted in obligation limits on FY 2008-09 and FY 2009-10 revenues and significant reductions in the funding available to the states. Revenues for FY 2009-10 and beyond will be dependent on congressional reauthorization and are therefore uncertain. Since Congress has depleted the surplus in the federal trust fund, sustaining or increasing recent years' allocations will require additional revenue, from either an increased federal fuel tax or another source.

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Department of Transportation**

BRIEFING ISSUE

ISSUE: Decision Item #1 - CDOT Limited Gaming Funds

Pursuant to Section 12-47.1-701, C.R.S., the Department of Transportation is requesting \$10.4 million from the Limited Gaming Fund to pay for highway construction and maintenance on highways near the gaming communities in FY 2009-10.

SUMMARY:

- ❑ For FY 2009-10 the Department of Transportation is requesting Limited Gaming funds totaling \$10.4 million, an increase of \$296,499 above the FY 2008-09 appropriation.
- ❑ The Transportation Commission requested \$42.9 million in Limited Gaming Funds from the Gaming Commission. As in the FY 2008-09 request, the Gaming Commission eliminated funds requested for projects related to Indian gaming facilities in southwestern Colorado, reducing the request submitted to the Office of State Planning and Budgeting to \$35.5 million. In balancing CDOT's request with competing uses of Limited Gaming Funds (which under S.B. 07-246 transfer to the Clean Energy Fund), the Office of State Planning and Budgeting reduced the request to \$10.4 million.
- ❑ As in FY 2008-09, the Department is not programming non-gaming funds to pay for portions of each project. As a result of funding constraints and higher priorities on non-gaming roads, Limited Gaming funds are the only funds CDOT has allocated to gaming road projects in FY 2009-10 and for the foreseeable future, and the proposed projects would not go forward without gaming funds.
- ❑ The passage of Amendment 50, allowing gaming communities to vote on whether to increase casino hours of operation, add additional games, and increase the bet limit to \$100 per bet may have long term consequences regarding both the need for and availability of funds for projects on gaming highways.

DISCUSSION:

Limited Gaming began in Colorado in 1991. Gaming significantly increased traffic on highways providing access to the gaming communities, with large increases from pre-gaming levels and generally consistent growth since 2000 although traffic on some highways has decreased since 2004 (see table below).

Traffic Increases on State Highways Near Gaming Communities

Annual Average Daily Traffic								
Highway	Pre-Gaming 1991	2002	2003	2004	2005	2006	2007	Percent Change 1991-07
S.H. 119/U.S. 6*	3,050	18,070	17,393	17,400	14,500	14,300	13,700	
Percent Change		492.5%	(3.7)%	0.0%	(16.7)%	(1.4)%	(4.2)%	349.2%
S.H. 67	2,587	5,633	5,662	5,600	5,700	5,500	5,400	
Percent Change		117.7%	0.5%	(1.1)%	1.8%	(3.5)%	(1.8)%	108.7%
S.H. 24	7,050	18,120	16,689	16,700	16,700	17,400	17,500	
Percent Change		157.0%	(7.9)%	0.1%	0.0%	4.2%	0.6%	148.2%
S.H. 160	4,556	6,456	6,520	6,600	6,700	6,800	6,900	
Percent Change		41.7%	1.0%	1.2%	1.5%	1.5%	1.5%	51.4%

*Traffic decline in 2005 is attributed to a rock slide that closed S.H. 119. According to Gaming Division staff, the decline since then is likely related to the opening of the Central City Parkway in November 2004.

Responding to increases in traffic, in 1994 the General Assembly enacted S.B. 94-60 (later amended by S.B. 97-27) to provide additional funding for highway maintenance and construction on highways near the gaming communities. By statute (Section 43-1-220(1), C.R.S.), the Department of Transportation may annually request Limited Gaming funds, drawn from taxes paid by the casinos, for transportation needs on highways leading to and within 50 miles of the gaming communities.

By statute (Section 12-47.1-701(1), C.R.S.), the original distribution of Limited Gaming funds was as follows:

- 50 percent to the General Fund, which could be appropriated to the State Highway Fund;
- 28 percent to the State Historical society;
- 12 percent divided between Gilpin and Teller counties in proportion to the gaming revenues generated in each county; and
- 10 percent divided between Central City, Blackhawk and Cripple Creek.

From FY 1994-95 through FY 2002-03, the General Assembly appropriated \$26.9 million from the Limited Gaming Fund to address transportation needs on gaming roads. In FY 2002-03, the General Assembly appropriated gaming funds for highway maintenance and rock fall mitigation. The legislature did not appropriate gaming funds to the Department during FY 2003-04, 2004-05, and 2005-06 but did appropriate \$5.3 million for FY 2006-07, \$14.3 million for FY 2007-08, and \$10.1 million for FY 2008-09.

In recent years the General Assembly has amended the statute to allow additional uses of the Limited Gaming Fund including, for example, the Colorado Tourism Fund and the Clean Energy Fund. With the enactment of S.B. 07-246, any funds not specifically allocated to other programs now go into the Clean Energy Fund rather than the General Fund. As a result, while the Committee's decisions

regarding Limited Gaming funds prior to FY 2007-08 focused on impacts on the General Fund, any Limited Gaming funds appropriated to the Department now come at the expense of the Clean Energy Fund.

FY 2009-10 Request

As in prior years, the Department has outlined four alternatives to maintain the roads in the vicinity of the gaming communities:

1. Maintain highways at pre-gaming levels despite increased traffic (resulting in an increased rate of deterioration and increased congestion).
2. Provide gaming funds only for maintenance and rock fall mitigation but not capacity improvements (increasing congestion).
3. Provide gaming funds only for mobility/congestion improvements but not for maintenance (increasing surface deterioration).
4. Provide gaming funds for increased maintenance, rock fall mitigation, and mobility improvements.

The FY 2006-07 through 2008-09 funding was based on “Option 4,” as is the FY 2009-10 request. Of the \$10.4 million requested for FY 2009-10, \$9.7 million is for Region 1 (Blackhawk/Central City) and \$690 thousand is for Region 2 (Cripple Creek).

The Transportation Commission had also requested \$7.5 million for Region 5 (southwestern Colorado) projects associated with Indian gaming facilities in the original request to the Gaming Commission. Prior to FY 2008-09, Region 5 had received funding for Indian gaming related projects. However, starting in FY 2008-09, the Gaming Commission is no longer approving projects for southwestern Colorado because the tribal facilities do not pay taxes into the Limited Gaming Fund.

As an index of the Department’s (and the Gaming Commission’s) estimate of the need for limited gaming projects in FY 2009-10, the Department originally requested \$42.9 million in Limited Gaming funds from the Gaming Commission for FY 2009-10. By eliminating Region 5 projects, as discussed above, the Gaming Commission reduced the Department's request to \$35.5 million. In balancing the need for gaming related transportation projects with other uses of the Limited Gaming Fund, the Governor’s Office has reduced the Department’s request by an additional \$25 million, eliminating seven projects. The table below shows requested funding at each stage of the process.

FY 2009-10 Proposed Limited Gaming Fund Expenditures

Proposed Expenditures by Region	Request to Limited Gaming Commission	Gaming Commission Request to OSPB	November 1, 2008 Request to JBC
Region 1 (Black Hawk/Central City)			
S.H. 119 Main Street South	\$12,000,000	\$12,000,000	\$8,678,082
U.S. 6 and S.H. 119 rock fall mitigation	\$250,000	\$250,000	\$250,000
Clear Creek Canyon rock fall monitoring	\$500,000	\$500,000	\$500,000
Area Highway Maintenance	\$305,543	\$305,543	\$305,543
S.H. 119 Wildlife Crossing	\$2,750,000	\$2,750,000	\$0
U.S. 6 and S.H. 119 Corridor Management	\$1,300,000	\$1,300,000	\$0
U.S. 6 and S.H. 119 ITS Improvements	\$4,500,000	\$4,500,000	\$0
U.S. 6 Safety Pullouts	\$200,000	\$200,000	\$0
S.H. 119 Widening (mile post 2.7 to 5.2)	\$2,500,000	\$2,500,000	\$0
U.S. 40, U.S. 6, and S.H. 119 overlays	<u>\$8,000,000</u>	<u>\$8,000,000</u>	<u>\$0</u>
Sub-total	\$32,305,543	\$32,305,543	\$9,733,625
Region 2 (Cripple Creek)			
Area Highway Maintenance	\$690,148	\$690,148	\$690,148
Rainbow Falls Intersection Improvements	<u>\$2,500,000</u>	<u>\$2,500,000</u>	<u>\$0</u>
Sub-total	\$3,190,148	\$3,190,148	\$690,148
Region 5 (Southwest Colorado)			
Area Highway Maintenance	\$227,816	\$0	\$0
U.S. 160 and U.S. 491 Southbound Passing Lane	\$2,280,000	\$0	\$0
S.H. 172 at U.S. 160 resurfacing and safety	\$2,178,000	\$0	\$0
U.S. 160, Four Corners to U.S. 491	<u>\$2,723,000</u>	<u>\$0</u>	<u>\$0</u>
Sub-total	\$7,408,816	\$0	\$0
Grand Total	\$42,904,507	\$35,495,691	\$10,423,773

In addition to eliminating seven projects entirely, the request submitted to the General Assembly has reduced the request for the S.H. 119 Main Street South project from \$12.0 million to \$8.7 million. Based on the available documentation, the costs of the project have not been reduced. The project includes participation, and in some cases significant funding, from the Department of Public Health and Environment, the Division of Wildlife, the U.S. Environmental Protection Agency, the Federal Highway Administration, the Silver Dollar Metropolitan District, and others in an effort to improve water quality in Clear Creek while improving transportation. **Staff's understanding is that the project may not be viable with CDOT funding at the requested level and that the other**

agencies have not shown an ability to make up the difference. The status of this project may warrant discussion at the Department's hearing.

Prior to FY 2008-09, the Department had funded portions of the Limited Gaming projects with non-gaming funds. For FY 2006-07 and FY 2007-08, Construction, Maintenance, and Operations funds had paid for nearly half of gaming highway projects, with gaming funds paying the other half. In those years, CDOT calculated the split based on the share of additional traffic directly attributable to gaming. However, beginning with the FY 2008-09 budget, the Department is not programming any additional funds for gaming projects. CDOT has indicated that only routine maintenance at pre-gaming levels will proceed without gaming funds, and the requested projects are entirely dependent on the provision of gaming funds.

Impact of Amendment 50

Amendment 50, passed by the voters this year, may affect CDOT in two ways:

1. If the gaming communities expand casino hours, add more games, and/or increase the bet limit, then traffic to the gaming towns may increase further and generate greater need for transportation projects. Expanding casino hours of operation may also increase the level of late night traffic on the gaming highways.
2. The amendment caps distributions of Limited Gaming Funds to current recipients at current levels, plus an inflation factor (either 6 percent or the percent of revenue growth attributed to the new limits, whichever is less). Staff and CDOT read the amendment as capping the share going to the General Fund/Clean Energy Fund and other discretionary uses, including CDOT. In that case, the amendment would not specifically limit CDOT's allocation but rather would cap the overall amount out of which CDOT's share is appropriated. However, limiting the distribution to the General Fund/Clean Energy Fund may further increase competition for funds, decreasing CDOT's ability to receive funds even if traffic increases.

**FY 2009-10 Joint Budget Committee Staff Budget Briefing
Department of Transportation**

BRIEFING ISSUE

ISSUE: Decision Item #2 - CDOT Base Adjustment

The Department is requesting a net increase of \$96,678 cash funds from the State Highway Fund as a base adjustment to account for changes made within the Administration program line over the past several years. The Department is also requesting the creation of a new line item for drunk driving enforcement activities pursuant to H.B. 08-1194, in the amount of \$2 million for FY 2009-10.

SUMMARY:

- ❑ The Department has used the flexibility afforded by its statutorily created Administration program line (Section 43-1-113(3)(a), C.R.S.), to move funding and FTE within the line each year. Even after making changes that would move funding between personal services and operating activities within a given year (which would affect personal services calculations for the following year's budget), or between organizations within the line item, the Department has not submitted decision item requests to include those changes in the following year's budget.
- ❑ The request includes adjustments to nineteen organizational lines within the Administration program line in prior years. A net increase as a result of those changes is partially offset by a reduction in the Administration share of statewide indirect cost recoveries, as the Department is also asking to use a new means to calculate each Long Bill line item's share of statewide indirect costs.
- ❑ Because JBC staff builds personal services calculations using the prior year's figure setting document (with changes according to Committee decisions and supplementals) as a base, changes that are not requested as decision items or supplementals are not incorporated into personal services calculations.
- ❑ The decision item also includes an unrelated request to create a new Long Bill line item for the First Time Drunk Driving Offenders program established by H.B. 08-1194. The Department is requesting \$2 million for the line item in FY 2009-10, the same amount H.B. 08-1194 appropriated for FY 2008-09.

RECOMMENDATION:

Staff recommends that the Committee direct the Department to include decision item requests to account for changes made within the Administration line in future budget requests. Staff further recommends that the Committee approve the Department's proposed method of allocating statewide indirect costs between the Administration and Construction, Maintenance, and Operations line items.

DISCUSSION:

Background

The General Assembly appropriates funds for the Department's Administration line item each year. Staff makes figure setting recommendations at a detailed level, on an organization-specific basis within the Administration line. However, Statute (Section 43-1-113(3)(a)) directs that the Long Bill include only one line item for Administration. The resulting program line gives the Department flexibility to address changes in staffing, operating allocations, or professional service contracts by shifting funds as long as it stays within the overall appropriation for the line item in a given fiscal year.

The Department has used the flexibility afforded by the Administration program line to make adjustments and reorganize work within the line item to improve operations and better align operations with statutory requirements. The Department has not historically followed up those adjustments with decision item requests to change the allocation of funds through the figure setting process. Because JBC staff build figure setting recommendations based on the prior year's figure setting document as adjusted by the Committee and the General Assembly, the Department's changes not requested as decision items have not been accounted for in each year's figure setting document.

Over time, this trend (moves of funds and FTE between organizations within the line item not recognized in the following year's figure setting process) has created a disconnect between figure setting recommendations and the Department's actual expenditures.

Department Request

The Department has highlighted changes to nineteen lines included in the figure setting documents but embedded in the Administration line item in the Long Bill. According to the request, the net impact of those changes (some increasing costs and some decreasing costs for Administration) has created a shortfall of \$96,678 below the amount that would have been appropriated for Administration in FY 2008-09 had those changes been recognized through the figure setting process. The changes the Department has indicated account for the "shortfall" are shown in the table below:

Line Item	Requested Change
Transportation Commission Staff - personal services	(7,995)
Executive Director's Office - personal services	12,037
Executive Director's Office - operating expenses	2,000
Government Relations - personal services	22,272
Government Relations - operating expenses	20,068
Public Relations - personal services	80,106
Public Relations - operating expenses	(5,000)
Information Technology - personal services	90,253
Information Technology - operating expenses	13,000

Line Item	Requested Change
Financial Management and Budget - personal services	530,359
Financial Management and Budget - operating expenses	17,316
Accounting - personal services	(388,304)
Accounting - operating expenses	(12,000)
Chief Engineer and Regions - personal services	156,641
Chief Engineer and Regions - operating expenses	475
Human Resources and Administration - personal services	461,883
Human Resources and Administration - operating expenses	(41,100)
Audit - personal services	(102,148)
Statewide Indirect Costs - adjustment to allocation to Administration	(753,185)
Net Change to Administration	\$96,678

Staff Analysis

Specific changes aside, staff argues that the root cause of the disconnect between JBC staff documents and the Department’s submissions is a difference in the interpretation of the term “program line.” Staff agrees with the Department that the use of a program line provides the Department with flexibility to make adjustments within a given fiscal year. However, the Department has apparently expected the JBC to incorporate adjustments during figure setting without submitting specific decision items to explain such changes. In contrast, JBC staff has taken the position that the flexibility given by the program line only applies to a given fiscal year and that carrying forward changes would require submitting decision items, as the Department has done this year. Department staff have indicated a willingness to do so in future years to improve the alignment of JBC staff and Department budget documents.

Regarding the specific adjustments cited in the request, the net increase of \$96,678 masks the total increased cost of the Department's adjustments from prior years. The requested adjustment to statewide indirect cost allocations between the appropriated Administration line and the non-appropriated Construction, Maintenance, and Operation line offsets \$753,185 of the increase. Excluding the indirect cost adjustment shows that the Department's changes over the past several years increased costs to the Administration line by \$849,863 relative to the funding provided through the figure setting process.

The Department's request includes some explanation for adjustments resulting in changes of more than \$50,000 to a given organizational line. For illustrative purposes, below are brief descriptions of several of the largest changes.

The request shows an increase of \$530,359 for personal services and \$17,316 for operating expenses in the Office of Financial Management and Budget (OFMB).

- The majority of this increase is the result of a transfer of \$484,544 in personal services and \$12,000 in operating (along with 6.0 FTE) from the Accounting Branch in FY 2006-07. The Department made the transfer to better align each office with staff duties.
- An additional \$50,000 increase is the result of the conversion and upgrade of two temporary positions to become permanent FTE.
- Another \$50,000 increase is the result of a swap of 2.0 FTE from OFMB for 2.0 FTE from the Construction, Maintenance, and Operations line item. The positions relocated from the Construction line were Budget Analyst V positions and were more expensive than the Accounting Technician III positions that were moved out of Administration.
- Finally, the surplus \$40,000 generated by the changes discussed above was eliminated through a reduction in contracts and downgraded positions when filling vacancies.

The request shows a decrease of \$400,304 (\$388,304 for personal services and \$12,000 for operating) in the Accounting Branch. The transfer to OFMB discussed above accounts for a reduction of \$484,544 in personal services and the entire \$12,000 in operating. The transfer of personal services funds to OFMB was partially offset by an increase of \$40,000 related to SAP system implementation and \$25,000 related to the reclassification of several positions.

The request shows an increase of \$461,883 in personal services and a reduction of \$41,100 in operating in the Division of Human Resources and Administration (DHRA). According to the Department, they have repeatedly transferred funds from operating to personal services within DHRA. During figure setting, JBC staff has often reduced the operating amounts to match the request but has not increased personal services funding because there was no decision item making such a request.

Staff recommends that the Committee direct the Department to continue to submit decision items for changes that it wishes to see incorporated during figure setting.

Statewide Indirect Costs

The decision item also includes a request to standardize the Department's allocation of statewide indirect costs between the appropriated Administration and non-appropriated Construction, Maintenance, and Operations line items. In prior years, the Department has allocated indirect costs between the line items as it saw fit. In some cases, the Department used flexibility in this allocation to cover increased costs in the Administration line item in a given year by adjusting the allocation between lines mid-year to pay more or less from the Administration line as necessary to stay within the appropriation.

As part of an FY 2008-09 comeback request, the Department informally agreed to establish a standard policy for the allocation of indirect costs starting in FY 2009-10. The request includes a proposal to distribute indirect costs between lines in the same proportion as FTE (for FY 2009-10 this would make Administration responsible for 7 percent of the Department's statewide indirect costs).

Staff recommends approving the Department's proposed indirect cost allocation strategy to provide a consistent and predictable means of allocating these costs between lines.

First Time Drunk Driving Offenders Account

Finally, the decision item includes an unrelated request to create a new Long Bill line item for the First Time Drunk Driving Offender program implemented pursuant to H.B. 08-1194. The Department is requesting \$2 million cash funds from the First Time Drunk Driving Offender Account in the HUTF (the same amount appropriated in H.B. 08-1194 for FY 2008-09) to continue an increased number of high visibility DUI enforcement activities begun in FY 2008-09. The appropriation is largely passed through to law enforcement agencies to pay for overtime and additional expenses incurred as part of the high visibility enforcement events.

The appropriation clause in H.B. 08-1194 appropriated those funds to the Construction, Maintenance, and Operations line in FY 2008-09. However, the bill makes funds for enforcement activities subject to annual appropriation by the General Assembly. As a result, the funds must be separated from the continuously appropriated funds in the Construction, Maintenance, and Operations line item. In addition, the enforcement activities do not fit within the statutory definition of Administration (pursuant to Section 43-1-113(2)(c)(III), C.R.S.) and therefore cannot be included within the Administration line item, so the Department is requesting the creation of a new line item for this purpose.

The Department has historically overseen seven high visibility events each fiscal year, and H.B. 08-1194 requires a total of twelve events per year. According to the Department, the \$2 million requested for FY 2009-10 will allow for four or five additional high visibility events that year. Staff notes that the fiscal note for H.B. 08-1194 indicated that each event should cost \$200,000 to \$250,000, so conducting five more events should cost no more than \$1.25 million. Thus far, the Department has been unable to explain the discrepancy between the apparent need for \$1.25 million in FY 2009-10 and the request for \$2 million.

**FY 2009-10 Joint Budget Committee Staff Budget Briefing
Department of Transportation**

BRIEFING ISSUE

ISSUE: CDOT Revenues - Allocating Costs Among Users

The General Assembly should consider how to maintain the balance of costs among different users of the highway system during discussion of proposals to raise user fee revenues for the Department of Transportation.

SUMMARY:

- ❑ The need for additional revenues for transportation has spurred discussion of potential sources of new revenues, particularly focusing on charges to owners and users of passenger vehicles.
- ❑ Using studies by the federal government and other states as a reference, it appears that Colorado's current balance of costs between automobiles and commercial trucks is similar to levels from other states.
- ❑ Based on CDOT's estimated revenue shortfall below the amounts needed to maintain the current system or current levels of service, all users should likely be paying more for the use of the system. However, comparisons to the most recent federal highway cost allocation study indicate that heavy commercial trucks may be particularly short of covering their cost responsibility.

RECOMMENDATION:

As the General Assembly considers proposals to raise user fee revenues for CDOT, staff recommends that the body consider the effect of such proposals on the balance of costs among user groups as a whole and on a per-mile-driven basis.

DISCUSSION:

Background

Transportation in Colorado has traditionally been funded by user fees based on the idea that users should pay for their use of and impact on the system. Vehicle users generate costs to the transportation system in two basic ways: 1) by increasing wear and tear on the highways, largely related to the weight of the vehicle, requiring additional construction and maintenance costs; and 2) contributing to congestion and requiring construction of additional capacity.

Wear and Tear on the Highways

Vehicles of different weights and weight distributions affect the transportation system differently. According to the models CDOT uses for pavement design, wear and tear on the highway increases

exponentially with vehicle weight. CDOT estimates that an 80,000 pound truck (the maximum allowable weight on the interstate without an overweight permit) has the same impact as approximately 6,000 passenger vehicles weighing 3,800 pounds each.² As a result, heavy truck traffic increases construction and maintenance costs in two ways: first, CDOT must build highways with thicker pavement in order to accommodate the trucks; and second, highways with heavy truck traffic require additional maintenance sooner than other roads.

Construction costs on I-70 through Limon provide an illustrative example. According to CDOT, the volume of trucks on that stretch of interstate requires CDOT to use 12 inches of pavement rather than the 8 inch thickness CDOT uses on highways with low volumes of trucks (in theory the Department could use 5 inches on a highway with no trucks). The Department estimates that adding the additional 4 inches of pavement increases construction costs by approximately \$1 million per mile of highway, and that cost would be directly attributable to the presence of trucks. Costs increase by roughly \$2 million per mile relative to the hypothetical "no truck" scenario.

Congestion

In contrast to maintenance costs, the sheer number of passenger vehicles relative to heavy trucks implies that passenger vehicles as a group play a larger role in congestion. As a result, improvements meant to improve capacity and reduce congestion and delays may be more appropriately spread over passenger car users, with less emphasis on trucks, although an individual truck may still have greater impact on congestion, and therefore greater cost responsibility, than a single car. For example, the cost of adding new lanes, except for the incremental cost associated with increased pavement thickness required by trucks, may be more appropriately allocated to passenger vehicles unless trucks are a large contributor to congestion on a given highway.

Colorado's Current Cost Allocations

Staff cannot conduct an in-depth cost allocation study for Colorado. However, benchmarks from federal and state studies provide a useful frame of reference for highway cost allocations. Below are comparisons of Colorado cost allocations at two scales: 1) comparing contributions per mile driven by the "average" car and commercial truck; and 2) looking broadly at the percentage of highway costs paid by different user groups.

Cost Responsibility per Mile of VMT

In terms of a per mile contribution to the HUTF, staff estimates that a passenger vehicle getting 25 miles per gallon pays 1 cent per mile in user fees (gas tax plus registration fees), and heavy trucks registered at 80,000 pounds (the maximum weight allowed on the interstates without an overweight permit) and getting 5 miles per gallon pay approximately 5.6 cents per mile in user fees (see table

²Different sources provide different estimates of the relative impact. For example, a New Mexico Transportation study estimated that one 80,000 pound truck was equivalent to more than 38,000 2,000 pound cars (http://www.nmshtd.state.nm.us/upload/images/pdf/Final_NM_Transportation_Futures_Task_Force.pdf). In contrast, the trucking industry argues that highways are now designed for trucks of that weight, so additional wear and tear should not be a problem.

below). For reference, the table below also includes estimates for a pickup truck weighing 4,750 pounds and getting 15 miles per gallon.

Staff Estimates of Per Mile Payments to the HUTF

	Passenger Vehicle (3,500 lbs.)	Pickup Truck (4,750 lbs.)	Commercial Truck (80,000 lbs.)
A) Annual Miles Driven	12,000	12,000	100,000
B) Miles per Gallon	25	15	5
C) Gallons Used (A/B)	480	800	20,000
D) State Excise Tax Rate	\$0.220	\$0.220	\$0.205
E) Fuel Tax to HUTF (C*D)	\$106	\$176	\$4,100
F) Registration Fee*	\$14.50	\$29.25	\$1,481.25
G) Total to HUTF (E+F)	\$120	\$205	\$5,581
HUTF per Mile (G/A)	\$0.01	\$0.02	\$0.06

*Pursuant to Section 42-3-305, C.R.S.

The per mile costs are similar to those provided in the most recent Federal Highway Administration (FHWA) Highway Cost Allocation Study in 2000. The FHWA study found that in 2000 (and in 2000 dollars) passenger autos were responsible for about 0.8 cents per mile in federal highway costs, pickups and vans were responsible for about 0.76 cents per mile, and heavy trucks weighing 80,000 pounds were responsible for 8.65 cents per mile. Cost responsibility varied greatly among different trucks depending on weight and the number of axles distributing the weight (from 2.2 cents per mile for single unit trucks smaller than 25,000 pounds to 18.12 cents per mile for single unit trucks weighing more than 50,000 pounds and 20.28 cents per mile for combination trucks weighing more than 100,000 pounds).

The federal study found that in 2000 autos as a group were paying roughly their share of federal highway costs while pickups and vans were overpaying as a result of decreased fuel efficiency. The study said that smaller commercial trucks were overpaying for their share but that heavier trucks were underpaying, with trucks registered at 80,000 pounds paying only 50 percent of their share of federal highway costs.

Given rising costs for construction, each of the FHWA estimates would be higher today. In addition, the exact responsibility rates would probably be somewhat different for Colorado than for the federal highway program as a whole. But using the 2000 study as a guide, staff's estimates indicate that Colorado passenger vehicles are paying more relative to their share of costs than commercial trucks weighing 80,000 pounds (see table below).

Comparison of JBC Staff and FHWA Cost Estimates

	JBC Staff Estimate (cents paid per mile in 2008)	FHWA Cost Responsibility (cents owed per mile in 2000)
Passenger vehicles	1.00	0.80
Pickup trucks	1.70	0.76
Heavy Truck (80,000 pounds)	5.60	8.65

Adjusting the FHWA estimates for inflation would likely show that none of the users are paying their full share of highway costs but the FHWA study indicates that heavy trucks may be short of paying enough to cover costs in Colorado even without adjusting for inflation.

Cost Responsibilities by User Group

Staff has been unable to get detailed information on the relative contributions of cars and trucks to the HUTF from the Department of Revenue. However, in a presentation to the Governor's blue ribbon panel on transportation in 2007, the Colorado Motor Carriers Association (CMCA) stated that trucks account for 35 percent of the state's highway user fees but only constitute 7 percent of statewide VMT.³ The industry has used this estimate as evidence against a need to levy additional costs on the trucking industry. Staff has been unable to confirm the accuracy of this estimate. However, staff's research indicates that this proportion is similar to other states. In a 2007 cost allocation study, the Oregon Department of Transportation found that heavy vehicles weighing more than 10,000 pounds *should* contribute 34.1 percent of user fee revenues in Oregon even though those vehicles accounted for only about 7.5 percent of statewide VMT in Oregon in 2005. While it is difficult to assess the assumptions behind the two statements, the Oregon study found that heavy vehicles making up a small share of VMT should contribute a large share of user fees, and the relative proportions are similar to the industry estimates for Colorado.

Cost Allocations Going Forward

While Colorado's current allocation of costs among users appears to be similar to other states and FHWA estimates, proposals to increase user fee revenues could significantly affect that balance. In an extreme example, raising \$500 million (the minimum additional revenue CDOT says is needed to maintain the current system) in user fees from passenger vehicles would more than double CDOT's current HUTF revenues and drastically alter the passenger vehicles' share of overall costs. Under that scenario, passenger vehicles would move from paying 65 percent of HUTF revenues (an estimated \$282 million out of \$433 million in FY 2007-08) to approximately 84 percent (an estimated \$782 million out of \$933 million in total revenues). The trucks' contribution would decline from 35 percent of revenues to 16 percent. In addition, such a change would increase the passenger vehicles' cost per mile without adjusting the commercial trucks' cost per mile.

³The CMCA presentation to the Blue Ribbon panel is available under the July 31 Meeting heading at <http://www.colorado.gov/cs/Satellite?c=Page&cid=1214213233305&pagename=GovRitter%2FGOVRLayout>.

Industry Position

In conversations with staff, CMCA has focused on three points to argue against a need for trucks to pay more for transportation:

1. The industry believes they are paying at least their fair share of highway user fees, based on the 35 percent of revenues and 7 percent of VMT estimates.
2. The industry also believes that Colorado is already at a disadvantaged position relative to other states in terms of attracting trucking companies. The industry points specifically to relatively high registration fees (which do go to the HUTF) and the charging of sales and use tax on the purchase of interstate trucking equipment (revenues go to the General Fund). The contention is additional fees would push more companies out of the state.
3. Finally, the industry points to the economic importance of trucking to Colorado, in terms of the movement of goods (most Colorado communities are served only by trucks), employment in the state, and contributions to state wages and tax revenues.

Staff does not question the importance of trucks to Colorado's economy. However, staff's research indicates that the current share of revenues provided by trucks (according to CMCA estimates) are not out of line with trucks' share elsewhere. Staff's analysis indicates that all users, but possibly especially trucks, should be paying more if the state wishes to continue funding transportation with user fees. Potential impacts on the economy or other General Fund revenues are beyond the scope of this analysis of relative contributions to the state's transportation system.

Conclusions

Without a full cost allocation study specific to Colorado, staff is not in a position to make specific recommendations about the appropriate share of costs to be paid by different users of the state's highways. Considering CDOT's estimates of the additional revenues required to maintain the current system and/or improve it to meet future needs, it is likely that none of the system's users are paying for their full cost responsibility. However, using the Oregon study as a benchmark, it appears that the relative contributions of cars and trucks in Colorado are similar to the proportions elsewhere. On a cost per mile basis, comparing Colorado's charges to the FHWA study from 2000 indicates that heavy commercial trucks may be farther short of their per mile obligation than other users. As a result, significantly increasing revenues from passenger vehicles without a proportional increase for commercial vehicles would likely result in significant underpayment by commercial vehicles and effectively create a subsidy from passenger vehicles to commercial trucks.

Staff recommends that the General Assembly consider the impact of user fee proposals on the relative contribution of different user groups (e.g., the over all percentage paid by cars vs. trucks) and on the per mile charges to the various users to ensure an appropriate balance of costs among users of the system.

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APPENDIX A: NUMBERS PAGES

	FY 2006-07	FY 2007-08	FY 2007-08	FY 2008-09	FY 2009-10	
	Actual	Appropriation	Actual	Appropriation	Request	Change Request
DEPARTMENT OF TRANSPORTATION						
Russell George, Executive Director						
(1) ADMINISTRATION						
This line item was created to include the personal services and operating expenses for offices and programs that are the administrative piece of the Transportation Commission's non-appropriated functions. The lines below are included for figure setting purposes. Because the Administration line is a program line, the Department has discretionary flexibility over all amounts within Administration. The Transportation Commission has appropriations authority over both the Administration line and the Construction, Maintenance, and Operations line, and the combined annual request for these lines reflects anticipated revenues to the State Highway Fund, Federal Highways Administration funds, and funds from local governments. The General Assembly sets an appropriated level for the Administration line as a total, and the balance of anticipated highway funds become the appropriation to the Construction, Maintenance, and Operations line.						
Transportation Commission						
Personal Services	94,218	96,620	90,754	98,553	94,205	DI #2
FTE	1.0	1.0	1.0	1.0	1.0	
Operating Expenses	<u>84,281</u>	<u>117,602</u>	<u>101,309</u>	<u>117,602</u>	<u>117,602</u>	
Subtotal - Transportation Commission	178,499	214,222	192,063	216,155	211,807	
FTE	1.0	1.0	1.0	1.0	1.0	
Office of the Executive Director						
Personal Services	361,161	354,689	352,971	366,941	393,226	DI #2
FTE	3.0	3.0	3.0	3.0	3.0	
Operating Expenses	<u>51,201</u>	<u>66,452</u>	<u>59,635</u>	<u>66,452</u>	<u>68,452</u>	DI #2
Subtotal - Executive Director	412,362	421,141	412,606	433,393	461,678	
FTE	3.0	3.0	3.0	3.0	3.0	
Office of Government Relations (previously Policy)						
Personal Services	471,067	522,066	457,603	535,138	660,520	DI #2, 3
FTE	6.6	7.0	6.7	7.0	8.0	
Operating Expenses	<u>60,913</u>	<u>41,446</u>	<u>63,178</u>	<u>41,446</u>	<u>69,224</u>	DI #2, 3
Subtotal - Office of Government Relations	531,980	563,512	520,781	576,584	729,744	
FTE	6.6	7.0	6.7	7.0	8.0	

	FY 2006-07	FY 2007-08	FY 2007-08	FY 2008-09	FY 2009-10	
	Actual	Appropriation	Actual	Appropriation	Request	Change Request
Public Relations Office (previously Public Information)						
Personal Services	492,433	496,884	569,510	511,719	617,003	DI #2
FTE	6.8	7.0	7.0	7.0	7.0	
Operating Expenses	<u>106,897</u>	<u>138,013</u>	<u>92,331</u>	<u>138,013</u>	<u>133,013</u>	DI #2
Subtotal - Office of Public Relations	599,330	634,897	661,841	649,732	750,016	
FTE	6.8	7.0	7.0	7.0	7.0	
Office of Information Technology						
Personal Services	2,836,631	2,954,224	2,680,361	3,044,042	3,336,480	DI #2
FTE	33.0	33.7	32.2	30.7	29.7	
Operating Expenses	<u>318,353</u>	<u>315,008</u>	<u>315,212</u>	<u>315,008</u>	328,008	DI #2
Subtotal - Office of Information Technology	3,154,984	3,269,232	2,995,573	3,359,050	3,664,488	
FTE	33.0	33.7	32.2	30.7	0.0	
Office of Financial Management & Budget						
Personal Services	491,458	593,701	1,074,236	607,251	1,264,607	DI #2
FTE	6.0	6.0	12.0	12.0	13.0	
Operating Expenses	<u>18,499</u>	<u>45,363</u>	<u>42,033</u>	45,363	61,709	DI #2
Subtotal - Office of Financial Mgmt. & Budget	509,957	639,064	1,116,269	652,614	1,326,316	
FTE	6.0	6.0	12.0	12.0	13.0	

	FY 2006-07	FY 2007-08	FY 2007-08	FY 2008-09	FY 2009-10	
	Actual	Appropriation	Actual	Appropriation	Request	Change Request
Office of Accounting						
Personal Services	1,894,075	1,899,924	1,550,091	1,947,061	1,685,970	DI #2
FTE	33.0	33.0	26.0	27.0	26.0	
Operating Expenses	<u>90,501</u>	<u>107,869</u>	<u>60,032</u>	<u>107,869</u>	<u>95,869</u>	DI #2
Subtotal - Office of Accounting	1,984,576	2,007,793	1,610,123	2,054,930	1,781,839	
FTE	33.0	33.0	26.0	27.0	26.0	
Chief Engineer and Region Directors						
Personal Services	1,534,551	1,443,146	1,575,051	1,584,315	1,610,846	DI #2
FTE	15.0	15.0	15.6	17.0	15.0	
Operating Expenses	<u>240,017</u>	<u>272,161</u>	<u>207,371</u>	<u>631,777</u>	<u>272,628</u>	DI #2
Subtotal - Chief Engineer and Region Directors	1,774,568	1,715,307	1,782,422	2,216,092	1,883,474	
FTE	15.0	15.0	15.6	17.0	15.0	
Motor Pool Operations for State Fleet Vehicles (ICF)						
Personal Services	0	0	0	91,226	82,923	
FTE	0.0	0.0	0.0	2.0	2.0	
Operating Expenses	<u>0</u>	<u>0</u>	<u>0</u>	<u>359,616</u>	<u>327,616</u>	
Subtotal - Motor Pool Operations for State Fleet Vehicles	0	0	0	450,842	410,539	
FTE	0.0	0.0	0.0	2.0	2.0	
Human Resources and Administration						
Personal Services	5,628,586	5,763,074	5,267,813	6,277,494	6,786,080	DI #2
FTE	96.3	106.5	101.9	111.0	112.0	
Operating Expenses	<u>1,584,857</u>	<u>1,603,034</u>	<u>1,534,780</u>	<u>1,974,985</u>	<u>1,926,975</u>	DI #2
Subtotal - Human Resources & Administration	7,213,443	7,366,108	6,802,593	8,252,479	8,713,055	
FTE	96.3	106.5	101.9	111.0	112.0	

	FY 2006-07	FY 2007-08	FY 2007-08	FY 2008-09	FY 2009-10	
	Actual	Appropriation	Actual	Appropriation	Request	Change Request
Division of Audit						
Personal Services	677,091	737,118	581,466	751,812	700,696	DI #2
FTE	7.5	7.5	7.3	7.5	7.5	
Operating Expenses	<u>20,425</u>	<u>33,290</u>	<u>26,731</u>	<u>33,290</u>	<u>33,290</u>	
Subtotal - Division of Audit	697,516	770,408	608,197	785,102	733,986	
FTE	7.5	7.5	7.3	7.5	7.5	
Continuation of FY 2008-09 Vacancy Savings Reduction as Applied to Program Line					(400,204)	
Base Adjustment Decision Item	0	0	0.0	0	96,678	Request vs. Appropriation
SUBTOTAL - Administration	<u>17,057,215</u>	<u>17,601,684</u>	<u>16,702,468</u>	<u>19,196,131</u>	<u>20,363,416</u>	6.1%
Personal Services	14,481,271	14,861,446	14,199,856	15,724,326	16,929,030	7.7%
FTE	208.2	219.7	212.7	223.2	224.2	0.4%
Operating Expenses	2,575,944	2,740,238	2,502,612	3,471,805	3,434,386	-1.1%
Miscellaneous Administration Accounts						
Statewide Indirect Costs						
State Highway Funds	1,590,899	812,653	1,142,549	1,042,971	116,932	DI #2
Legal Services	192,754	473,958	463,308	494,158	494,158	
Risk Management - General Insurance	3,418,635	3,034,291	2,972,394	4,125,758	4,125,758	
Workers' Compensation	<u>316,968</u>	<u>303,933</u>	<u>381,217</u>	387,629	388,211	
Subtotal - Miscellaneous	5,519,256	4,624,835	4,959,468	6,050,516	5,125,059	Request vs. Appropriation -15.3%
Centrally Appropriated Personal Services						
Salary Survey Increases	348,732	439,858	477,282	556,185	320,611	
Performance-based Pay Awards	0	174,685	174,685	189,817	(37,963)	
Shift Differential	33,248	27,665	27,756	37,520	25,323	
Health/Life/Dental	771,223	840,530	899,813	968,408	1,306,248	

	FY 2006-07	FY 2007-08	FY 2007-08	FY 2008-09	FY 2009-10	
	Actual	Appropriation	Actual	Appropriation	Request	Change Request
Short Term Disability	13,042	16,820	13,905	18,893	19,186	
S.B. 04-257 Amortization Equalization Disbursement	0	155,265	139,702	232,530	294,081	
S.B. 06-235 Supplemental Amortization Equalization Disbursement	<u>0</u>	<u>32,346</u>	<u>31,808</u>	<u>108,998</u>	<u>183,130</u>	Request vs. Appropriation
Subtotal - Central Pots	1,166,245	1,687,169	1,764,951	2,112,351	2,110,616	-0.1%
Administration - Subtotal	<u>23,742,716</u>	<u>23,913,688</u>	<u>23,426,887</u>	<u>27,358,998</u>	<u>27,599,091</u>	Request vs. Appropriation
Personal Services	14,481,271	14,861,446	14,199,856	15,724,326	16,929,030	
Operating & Travel	2,575,944	2,740,238	2,502,612	3,471,805	3,434,386	
Miscellaneous	5,519,256	4,624,835	4,959,468	6,050,516	5,125,059	
Central Pots	1,166,245	1,687,169	1,764,951	2,112,351	2,110,616	
TOTAL - Administration	23,742,716	23,913,688	23,426,887	27,358,998	27,599,091	0.9%
FTE	208.2	219.7	212.7	223.2	224.2	0.4%
Internal Cash Funding (Print Shop and Vehicle Maint) (CFE/RF)	1,388,791	1,476,786	1,411,922	2,072,218	2,066,604	Request vs. Appropriation
FTE	12.6	13.0	14.2	15.0	15.0	
APPROPRIATED LEVEL - ADMINISTRATION	23,742,716	23,913,688	23,426,887	27,358,998	27,599,091	0.9%
FTE	208.2	219.7	212.7	223.2	224.2	0.4%
State Highway Funds (CFE/CF)	22,353,925	22,436,902	22,014,965	25,286,780	25,532,487	1.0%
FTE	195.6	206.7	198.5	208.2	209.2	0.5%
Internal Cash Funds (CFE/RF)	1,388,791	1,476,786	1,411,922	2,072,218	2,066,604	-0.3%
FTE	12.6	13.0	14.2	15.0	15.0	0.0%

	FY 2006-07	FY 2007-08	FY 2007-08	FY 2008-09	FY 2009-10	
	Actual	Appropriation	Actual	Appropriation	Request	Change Request

(2) CONSTRUCTION, MAINTENANCE, AND OPERATIONS

Includes non-appropriated revenues to the Transportation Commission, which consists of eleven members responsible for formulating state policy with respect to the management, construction, and maintenance of state highways and transportation systems; advising and making recommendations relative to transportation policy; and adopting budget and programs. Also includes the Division of Aeronautics, which works with local airports to improve state air transportation planning, operations, and safety. H.B. 06-1244 transferred appropriation authority for the Division of Aeronautics administrative budget from the General Assembly to the Transportation Commission. Totals in this line item represent non-appropriated funds.

Construction and Maintenance & Operations	1,388,739,335	1,018,793,615	1,397,903,072	1,261,748,574	830,505,839	
FTE	<u>2,797.1</u>	<u>3,096.3</u>	<u>3,027.3</u>	<u>3,127.3</u>	<u>3,142.3</u>	
CF - Local Funds	3,438,193	67,994,902	26,153,509	87,264,138	22,975,518	
CFE/ CF - SHF	959,456,907	507,525,315	910,550,178	727,038,950	456,561,345	
CFE/ RF - Internal Cash Funds	1,145,032	1,856,259	1,291,472	1,912,328	1,912,328	
Federal Funds	424,699,203	441,417,139	459,907,913	445,533,158	349,056,648	

(3) GAMING IMPACTS - CF

This program provides for construction and maintenance of roads related to increased traffic in communities with limited gaming activities.

FTE						
Gaming Impacts Total	<u>104,179</u>	<u>14,292,757</u>	<u>1,181,711</u>	<u>10,127,274</u>	<u>10,423,773</u>	DI # 1
Cash Funds	0	14,292,757	1,181,711	10,127,274	10,423,773	
Cash Funds Exempt/RF	104,179	0	0	0	0	

(4) STATEWIDE TOLLING ENTERPRISE

This program was created pursuant to S.B. 02-179 and H.B. 02-1310 and is reflected for informational purposes only.

Tolling Enterprise Total	1,075,900	5,120,000	4,726,985	2,560,000	2,500,000	
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.3</u>	<u>0.0</u>	<u>1.0</u>	
Cash Funds - Tolling Cash Funds	0	1,720,000	4,726,985	2,560,000	2,500,000	
Cash Funds Exempt/RF	1,075,900	3,400,000	0	0	0	

(5) FIRST TIME DRUNK DRIVING OFFENDER ACCOUNT (New line item requested)

The Department is requesting the creation of this line item pursuant to H.B. 08-1194 to provide funding for increased high visibility drunk driving law enforcement actions.

First Time Drunk Driving Offender Account - Cash Funds	0	0	0	0	2,000,000	DI #2
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	FY 2006-07	FY 2007-08	FY 2007-08	FY 2008-09	FY 2009-10	
	Actual	Appropriation	Actual	Appropriation	Request	Change Request
TOTAL - DEPARTMENT OF TRANSPORTATION APPROPRIATED AND NON-APPROPRIATED						
						Request vs. Appropriation
DEPARTMENT TOTALS	1,413,662,130	1,062,120,060	1,427,238,655	1,301,794,846	873,028,703	-32.9%
FTE	<u>3,005.3</u>	<u>3,316.0</u>	<u>3,240.3</u>	<u>3,350.5</u>	<u>3,367.5</u>	0.5%
Cash Funds	3,438,193	84,007,659	32,062,205	852,277,142	519,993,123	-39.0%
Cash Funds Exempt/RF	985,524,734	536,695,262	935,268,537	3,984,546	3,978,932	-0.1%
Federal Funds	424,699,203	441,417,139	459,907,913	445,533,158	349,056,648	-21.7%

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APPENDIX B: SUMMARY OF MAJOR LEGISLATION

- ❑ **S.B. 08-14 (Williams/Marostica):** Authorizes the Colorado Tolling Enterprise (CTE) to, at the request of the Judicial Department, consider establishing an administrative toll enforcement process for toll evasion cases. Allows cases to be heard by a state administrative law judge or an independent contractor. The courts would lose jurisdiction if CTE proceeded with the administrative process. Permits courts and the CTE to report outstanding toll evasion judgements to the Department of Revenue. Prohibits the Department of Revenue from renewing a motor vehicle registration for any vehicle owned by a person who fails to pay an outstanding judgement.
- ❑ **S.B. 08-41 (Cadman/Curry):** Clarifies that the Transportation Commission or any other governmental entity acquiring land for road or highway construction or the addition of mass transit is prohibited from acquiring, through condemnation, interests in oil, natural gas, or other mineral resources except to the extent they are required for subsurface support of the project. Precludes any condemning authority, as part of an eminent domain condemnation, from acquiring the right, title, or interest to oil, natural gas, or other mineral resources except to the extent that they are required for subsurface support. The bill is expected to decrease future revenues that would have resulted from the acquisition and sale of mineral resources.
- ❑ **S.B. 08-155 (Cadman/Kerr A.):** Transfers 3.0 FTE from the Administration Division to the Governor's office as part of a statewide information technology consolidation effort.
- ❑ **H.B. 08-1010 (McFadyen/Takis):** Increases the fines for class 1 and 2 traffic misdemeanors; alters the distribution of revenues from seat belt violations on state highways when local law enforcement writes the citation; doubles the minimum fines for driving under the influence (DUI), driving while ability impaired (DWAI), under age drinking and driving (UDD), habitual user driving, and vehicle eluding; and changes the distribution of revenues from DUI, DWAI, and UDD offenses occurring on state or federal highways. Appropriates \$33,600 General Fund to the Judicial Department in FY 2008-09 for courts administration costs related to the implementation of the bill.
- ❑ **H.B. 08-1036 (McFadyen/Williams):** Authorizes the use of photo radar to enforce speed limits in designated highway maintenance, repair, and construction zones while work is occurring in these areas. Allows the Department of Public Safety to contract with a vendor to operate the photo radar systems and to collect and process penalty assessments. Creates a fine of \$540 for driving 24 miles per hour over the speed limit in such zones and creates a class 1 misdemeanor traffic offense for driving 25 or more miles per hour above the speed limit in such zones. Specifies that no penalty assessment, summons, or complaint for violations detected by photo radar are to be forwarded to the Department of Revenue for processing.

Doubles fines for certain moving traffic violations, including speeding, within the zones designated by local governments. The bill is anticipated to increase State revenues as a result of the increased fines and additional enforcement activities.

- ❑ **H.B. 08-1139 (May M./Kopp):** Expands the duties of the Colorado Tolling Enterprise (CTE) board, a government-owned business enterprise housed within the Colorado Department of Transportation. Requires the CTE board to evaluate any toll highway not owned by the state that is offered for sale or lease to determine whether the state (through the CTE) should purchase, lease, have a partial interest in, or enter into a public-private initiative in connection with the toll highway. Requires the CTE to report back to the General Assembly regarding the results of any evaluation. Because no toll highway projects are currently offered for sale or lease in Colorado, no fiscal impact is expected for FY 2008-09. The bill may require costs in future years if toll highway projects become available.
- ❑ **H.B. 08-1194 (Judd/Veiga):** Requires the Colorado Department of Transportation to increase the number of high-visibility drunk driving law enforcement episodes from the current 7 per year to between 12 and 15. Appropriates \$2,000,000 cash funds from the First Time Drunk Driving Offenders' Account to the Department of Transportation in FY 2008-09.
- ❑ **H.B. 08-1257 (Vaad/Williams):** Authorizes new permits and permit fees for the operation of an overweight motor vehicle with a divisible load providing the vehicle has a four-axle grouping with a gross weight not exceeding 110,000 pounds and sets additional requirements for such vehicles. Clarifies that permits authorized by the bill do not allow the operation of such vehicles on the interstate. Doubles fines for violations of a vehicle's maximum permitted weight. Allows the Department of Transportation or the Colorado State Patrol to collect fees for the issuance of such permits, with fees varying depending on the term of the permit and the number of vehicles permitted for a given owner. The bill is anticipated to increase State revenues by \$1.3 million and expenditures from the State Highway fund by \$104,413 in FY 2008-09. Appropriates \$10,890 reappropriated funds from the Department of Transportation to the Department of Law in FY 2008-09 for the provision of legal services related to the implementation of the bill.
- ❑ **H.B. 08-1301 (Buescher/Keller):** Supplemental appropriation to the Department of Transportation to modify FY 2007-08 appropriations in the FY 2007-08 Long Bill (S.B. 07-239).

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**APPENDIX C: UPDATE OF FY 2008-09
LONG BILL FOOTNOTES AND REQUESTS FOR INFORMATION**

Long Bill Footnotes

- 57 Department of Transportation, Gaming Impacts** -- It is the intent of the General Assembly that these funds shall remain available until completion of the project or the close of FY 2010-11, whichever comes first. At project completion or the end of the three-year period, unexpended and unencumbered balances shall revert to the Limited Gaming Fund from which they were appropriated.

Comment: The Department is complying with this footnote.

Requests for Information

- 1 All Departments, Totals** - Every department is requested to submit to the Joint Budget Committee information on the number of additional federal and cash funds FTE associated with any federal grants or private donations that are applied for or received during FY 2008-09. The information should include the number of FTE, the associated costs (such as workers' compensation, health and life benefits, need for additional space, etc.) that are related to the additional FTE, the direct and indirect matching requirements associated with the federal grant or donated funds, the duration of the grant, and a brief description of the program and its goals and objectives.

Comment: The Department of Transportation does not have federal grants or private donations in its budget.

- 65 Department of Transportation, Administration** -- The Department is requested to complete state budget forms for Administration personal services that provide information for each office or section within the Administration line item. This information should be sufficiently detailed to allow calculation of personal services appropriations. PERA and Medicare should also be provided by the individual section or office. Additionally, the Department should include subtotals for salary and FTE for each of the offices within the Administration line item information currently supplied.

Comment: The budget request submitted on November 1, 2008 did not comply with this request for information. The request did not include budgetary information for each of the offices or sections within the administration line item and would not have allowed for the calculation of personal services appropriations for each office. The Department has since provided adequate information to make such calculations.

- 66 Department of Transportation, Administration** -- By August 1, 2010, the Department is requested to provide a report to the Joint Budget Committee regarding the effectiveness of the expansion of the Office of Organizational Learning and Development in reducing turnover and increasing retention of Department staff.

Comment: The Department has indicated their intent to comply with this request for information, although the additional positions provided for FY 2008-09 remain unfilled at this time.