

**Legislative Council Staff***Nonpartisan Services for Colorado's Legislature***Revised Fiscal Note**

(replaces fiscal note dated February 7, 2024)

Drafting Number: LLS 24-0242**Prime Sponsors:** Sen. Priola; Winter F.
Rep. Vigil**Date:** April 19, 2024**Bill Status:** Senate Second Reading**Fiscal Analyst:** Matt Bishop | 303-866-4796
matt.bishop@coleg.gov**Bill Topic:****METHODS TO INCREASE THE USE OF TRANSIT****Summary of Fiscal Impact:** State Revenue State Transfer Local Government
 State Expenditure TABOR Refund Statutory Public Entity

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

Appropriation Summary: No appropriation is required, as the affected cash funds are continuously appropriated to the Department of Transportation and the Colorado Energy Office.**Fiscal Note Status:** The revised fiscal note reflects the introduced bill, as amended by the Senate Transportation and Energy Committee and the Senate Appropriations Committee. The bill was recommended by the Transportation Legislation Review Committee.

Table 1
State Fiscal Impacts Under SB 24-032

		Budget Year FY 2024-25	Out Year FY 2025-26
Revenue		-	-
Expenditures	Cash Funds	\$10,044,935	\$55,977
	Centrally Appropriated	\$20,927	\$18,013
	Total Expenditures	\$10,065,862	\$73,990
	Total FTE	1.1 FTE	1.0 FTE
Transfers	Multimodal Transportation Operations Fund	(\$10,000,000)	-
	Zero Fare Transit Fund	\$10,000,000	-
	Net Transfer	\$0	-
Other Budget Impacts		-	-

Summary of Legislation

The bill creates a new grant program for youth transit in Colorado Energy Office (CEO), extends the Ozone Season Transit Grant Program, and creates a committee in the Department of Transportation (CDOT) to study the creation of a statewide transit program.

Youth Fare Free Transit Grant Program. The bill creates the Youth Fare Free Transit Grant Program to provide grants to the Regional Transportation District (RTD) or transit agencies for fare free year-round transit services for youth riders. The CEO must establish policies governing the grant program and to report to the General Assembly annually on the program. The State Auditor must include the Regional Transportation District's (RTD) use of grant money as part of its next performance audit.

Ozone Season Transit Grant Program. The bill extends the Ozone Season Transit Grant Program in the CEO, which is scheduled to repeal on July 1, 2024, indefinitely. It also renames the Ozone Season Transit Grant Program Fund as the Zero Fare Transit Fund, allows money in the fund to be used for both grant programs, and transfers \$10 million to the fund from the Multimodal Transportation Operations Fund on July 1, 2024.

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

State Transfers

On July 1, 2024, the bill transfers \$10 million from the Multimodal Transportation Operations Fund to the Zero Fare Transit Fund.

State Expenditures

The bill increases state expenditures by \$10.1 million in FY 2024-25, and \$74,000 in FY 2025-26 and ongoing as shown in Table 2 below. Costs in the CEO are paid from the Zero Fare Transit Fund, and costs in CDOT are paid from the State Highway Fund and various other cash funds available for the department's construction, maintenance, and operations budget. These costs are described in more detail below.

Table 2
Expenditures Under SB 24-032

	FY 2024-25	FY 2025-26
Colorado Energy Office		
Personal Services	\$29,470	-
Operating Expenses	\$384	-
Grant Program	\$9,963,629	-
Centrally Appropriated Costs ¹	\$6,517	-
FTE – Personal Services	0.3 FTE	-
CEO Subtotal	\$10,000,000	-
Department of Transportation		
Personal Services	\$43,758	\$54,697
Operating Expenses	\$1,024	\$1,280
Capital Outlay Costs	\$6,670	-
Centrally Appropriated Costs ¹	\$14,410	\$18,013
FTE – Personal Services	0.8 FTE	1.0 FTE
CDOT Subtotal	\$65,862	\$73,990
Total	\$10,065,862	\$73,990
Total FTE	1.1 FTE	1.0 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Colorado Energy Office. The increases expenditures by \$10 million in FY 2024-25 only to administer grants for the two programs. This requires the continuation of 0.3 FTE of existing staff, with the remainder available for grants. If grant funding is available in future years, expenditures will increase, including administrative costs.

Department of Transportation. CDOT requires 1.0 FTE in FY 2024-25 and FY 2025-26 to administer stakeholder outreach, meetings, and research associated with the exploratory committee. Costs are paid from continuously appropriated fund sources in CDOT.

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

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

Local Government

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

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State and Local Government Contacts

Colorado Energy Office
Transportation

Personnel

Revenue

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit: leg.colorado.gov/fiscalnotes.