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Fiscal Note

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Prime Sponsors: Rep. Lindstedt; Froelich Bill Status: House Trans., Hous. & Local Govt.
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Bill Topic: TRANSIT REFORM

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

The bill makes several statutory changes to the operations of the Regional Transportation District (RTD). It increases state, local, and statutory public entity expenditures beginning in FY 2024-25. It may also increase state revenue.

Appropriation Summary: For FY 2024-25, the bill requires an appropriation of \$1.2 million to the Department of State from the Department of State Cash Fund. No appropriation is required for the Department of Transportation, as the State Highway Fund is continuously appropriated to the department.

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

Table 1
State Fiscal Impacts Under HB 24-1447

Table with 4 columns: Category, Budget Year FY 2024-25, Out Year FY 2025-26, Out Year FY 2026-27. Rows include Revenue, Expenditures (State Highway Fund, CDOS Cash Fund, Centrally Appropriated, Total Expenditures, Total FTE), Transfers, and Other Budget Impact.

1 Costs paid from the CDOS Cash Fund may be higher, depending on the potential increase to county election cost reimbursement (see State Expenditure and Technical Note sections below).

Summary of Legislation

The bill makes several statutory changes to the operations of the Regional Transportation District (RTD). These changes are discussed below.

Regional fixed guideway mass transit systems. The bill requires the district to:

- submit its proposed fixed-route transit service plans to the Denver Regional Council of Governments (DRCOG) for its review and input;
- coordinate with DRCOG regarding the implementation of the plans;
- ensure that RTD service decisions are consistent with the DRCOG Regional Transportation Plan;
- coordinate transit and land-use decisions to ensure that transit services will be provided to new and existing transit-oriented communities;
- acknowledge established transit centers and give preference for transit centers when determining transit services and routes; and
- requires RTD to coordinate its fixed guideway mass transit system schedule with the schedules of other transit providers to facilitate the use of transit across the district and other transit entities.

Study on district size and transit-reliant services. The bill requires the Department of Transportation (CDOT), in consultation with DRCOG, to contract with a third party on a study regarding the size of the district and transit-reliant services. CDOT must submit the study findings to the RTD Board of Directors (board), the Transportation Legislation Review Committee (TLRC), and the Governor's Office by March 1, 2026. The board must take the study findings into consideration when creating its 10-year strategic plan (described below).

RTD board composition. The bill makes phased-in changes to the board as outlined below.

- **Current board.** The bill terminates the current board effective December 31, 2024, and specifies that the seats of the eight directors whose terms expire on December 31, 2024, will not be filled during the November 2024 district election. The bill additionally specifies that the seats of the seven directors whose terms expire on December 31, 2026 will not be filled during the November 2026 district election and that those seven directors will serve the remainder of their terms on a newly created transitional board that will govern the district from January 1, 2025, through December 31, 2026.
- **Transitional board.** From January 1, 2025, through December 31, 2026, a transitional board composed of 11 voting directors and 3 non-voting ex officio directors all serving the district at-large will govern RTD. The directors of the transitional board will include:
 - the seven directors elected to the Board during the November 2022 election (representing the district at-large rather than their elected director districts) serving the last two years of their elected terms;
 - two voting directors elected at-large during the November 2024 district election for a four-year term beginning January 1, 2025, which will span the two years of the transitional board and the first two years of the new board (described below);

- two voting directors appointed by the Governor and confirmed by the Senate with terms commencing January 1, 2025, one of whom will serve a two-year term expiring December 31, 2026 and the second serving a four-year term, with the latter half as a member of the new Board;
 - the CDOT Executive Director, or their designee, as a non-voting ex officio director; and
 - two non-voting directors appointed by DRCOG for terms commencing January 1, 2025, one of whom will serve a two-year term expiring December 31, 2026 and the second serving a four-year term, with the latter half as a member of the new Board.
- **New board.** Beginning on January 1, 2027, RTD will be governed by a new board consisting of seven voting directors and three non-voting directors, all serving four-year terms. The directors of the new board include:
 - five voting directors, including two at-large directors and three directors elected in director districts;
 - two voting directors representing the district at-large appointed by the Governor and confirmed by the Senate, one of whom served the first two years of their term on the transitional board and the other appointed by DRCOG by January 1, 2027;
 - the CDOT Executive Director, or their designee, as a non-voting ex officio director; and
 - two non-voting directors appointed by DRCOG, one of whom served the first two years of their term on the transitional board and the other appointed by DRCOG by January 1, 2027.

The bill also requires the board, with RTD staff and community input, to develop an onboarding program for incoming directors and requires all incoming directors to complete the program.

The bill specifies that any action of the transitional board or new board requires a majority vote of the directors entitled to vote and who are present and voting.

The bill specifies that the annual compensation for the directors of the transitional and new boards is an amount equal to 20 percent of the salary paid to a county judge, except if the director of the new board is also a full-time state or local government official or employee must serve as director without additional compensation.

RTD Board Election Procedures. The bill makes changes to the board's election procedures.

The bill directs the Director of Research of the Legislative Council Staff (LCS), with the assistance of the Director of the Office of Legislative Legal Services (OLLS), to apportion the population of the district into three compact and contiguous director districts that are, to the extent practicable, equal in population to each other. The LCS director must complete the apportionment by August 31, 2025, and submit the recommended apportionment to the Colorado Supreme Court. The Colorado Supreme Court must amend or approve the amended apportionment by October 31, 2025. The LCS director, with the assistance of the OLLS director, must reapportion the district after the 2030 decennial census and after each federal decennial census thereafter.

The bill specifies election procedures for the new board, including:

- the two directors who are first elected in the November 2024 election must reside in the district but may reside anywhere within the district;
- the three directors who are first elected in the November 2026 election must be elected by eligible electors who reside within one of three new director districts;
- the regular district election is held jointly with the state general election in every even-numbered year;
- the district must use instant runoff voting for district elections;
- the regular term of an elected director is four years;
- nominations for the election of directors for the transitional board and the new board are made by petition in accordance with the general election laws of the state and must be signed by at least 250 eligible electors residing within the district; and
- write-in director candidates are not allowed.

Ten-year strategic plan. The RTD board must develop a 10-year strategic plan and submit it to the General Assembly by September 1, 2026. The plan must address the district's plans and strategies to:

- increase ridership;
- improve transparency;
- use district-owned land to prioritize certain types of development;
- update parking policies;
- support state and regional climate, housing, and transportation goals; and
- identify funding opportunities to expand transit and improve system efficiency and equity.

The Board must continue to implement the recommendations of the 2021 DRCOG RTD Accountability Committee Final Report and the 2020 performance audit and to report its progress to specified entities by December 31, 2025.

Increasing ridership. The bill requires RTD to pursue and take advantage of opportunities to increase and build ridership by:

- working with entities hosting special events to encourage use of public transit to and from the events;
- working with entities to encourage youth to ride transit;
- consider recommendations and requests for changes to service routes or schedules that would lead to increased ridership;
- identifying land use policies, strategies, and financial tools to enable the development of affordable housing and dense, walkable, mixed-use communities near transit stations and routes.

District budget and planning. The bill requires RTD to post the following items on its website:

- the RTD annual budget and other budget information, in a format that is easy to access, understand, and navigate;

- RTD's financial plan, including information about capital projects; and
- three public accountability dashboards detailing financial information on capital projects, ridership by route and reliability of service, and district workforce statistics.

Fair market value for use of district transfer facilities. Current law requires RTD to charge retail, commercial, or residential users of a portion of a transfer facility to pay fair market value for the use of the facility. The bill repeals this requirement.

Mass Transit Bus Driver Training Program. The bill requires CDOT to develop a mass transit bus driver training program to assist in the development and placement of public mass transit bus operators for CDOT-sponsored mass transit services and for other public mass transit operators.

Transit provider and Metropolitan Planning Organization coordination. The bill requires transportation providers to:

- submit its proposed fixed-route transit service plans to the relevant metropolitan planning organization (MPO) for review and input;
- coordinate with the MPO regarding the implementation of fixed-route transit service plans;
- ensure that the transit provider's service decisions are consistent with the MPO's regional transportation plan;
- coordinate transit and land use decisions to ensure that transit services will be provided to new and existing transit-oriented communities; and
- acknowledge established transit centers and provide a preference for transit centers when determining transit services and routes.

Burnham Yard Rail Property. In July 1, 2022, the State Treasurer transferred \$6,500,000 from the General Fund to the State Highway Fund for CDOT to use for an environmental study on relocating the consolidated main rail line away from I-25 in connection with the development of the Burnham Yard rail property. The bill authorizes CDOT to instead use the \$6,500,000 for site preparation, site enhancements, planning, and facilitating a track alignment that preserves buildable land while promoting transit and rail capacity and increasing safety in connection with the development of the Burnham Yard rail property.

Background

The General Assembly created RTD in 1969 to create, operate, and maintain a transit system in the RTD service area. The original RTD board consisted of 21 taxpaying electors. In 1980, a citizen-initiated ballot measure changed the composition of RTD's board to its current structure, a 15-member board of directors. Directors are elected for four-year terms and elections are staggered so that eight seats are open in one general election and seven in the next. State law gives the RTD's board the power to enter into contracts; borrow and invest money; purchase and maintain property; and levy taxes. The board is also charged with setting RTD policy, adopting the annual budget, and establishing RTD's short- and long-term transit goals.

RTD is a statutorily created entity, similar to a special district. However, RTD is not a regional transportation authority, as it was created as a separate statutory political subdivision. Current law gives RTD's elected board wide authority to operate and maintain the transportation system within its district boundaries. The legislature plays a limited role in the administration of RTD; however, RTD is required to provide copies of its annual budget to the TLRC, and other information, data, testimony, or audits as requested by the committee.

RTD currently serves 3.08 million people in 2,342 square miles of service area, including all or part of the following eight counties: Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, Jefferson, and Weld.

State Revenue

The Department of State (SOS) is responsible for setting its fees to approximate its expenses. Under the bill, the SOS will likely need to raise its fees to generate the revenue necessary to cover its costs under bill. In addition to the estimated costs described in the State Expenditures section below, the amount of revenue to be raised will also depend on any changes to reimbursable county election expenses (explained further in the Technical Note below) and the CDOS Cash Fund balance at fiscal year-end.

State Expenditures

Spending from the State Highway Fund by the CDOT will increase by \$340,000 in FY 2024-25 and by about \$83,000 starting in FY 2025-26 and on an ongoing basis. Expenditures from the CDOS Cash Fund by the SOS will increase by about \$1,240,000 in FY 2024-25 and about \$1,000,000 in both FY 2026-27 and FY 2028-29. These costs are shown in Table 2 and discussed below.

**Table 2
 Expenditures Under HB 24-1447**

	FY 2024-25	FY 2025-26	FY 2026-27
Department of Transportation			
Personal Services	\$63,345	\$63,345	\$63,345
Operating Expenses	\$1,280	\$1,280	\$1,280
Capital Outlay Costs	\$6,670	-	-
Third-Party Study Costs	\$250,000	-	-
Centrally Appropriated Costs ¹	\$18,817	\$18,817	\$18,817
FTE – Personal Services	1.0 FTE	1.0 FTE	1.0 FTE
CDOT Subtotal	\$340,112	\$83,442	\$83,442
Department of State			
IT Division: Personal Services	\$1,240,568	-	-
Local Election Reimbursement	TBD	TBD	TBD
Voter Education and Awareness	-	-	\$1,040,000
SOS Subtotal	at least \$1,240,568	TBD	at least \$1,040,000
Total Cost	at least \$1,580,680	\$83,442	at least \$1,123,442
Total FTE	1.0 FTE	1.0 FTE	1.0 FTE

Department of Transportation. CDOT requires 1.0 FTE on an ongoing basis for the Mass Transit Bus Driver Training Program. Additionally, CDOT requires one-time costs of \$250,000 to fund a third-party study on the size of the district and transit-reliant services. CDOT’s costs are paid from the State Highway Fund.

- **Staff.** CDOT requires 1.0 FTE Training Specialist III to provide formal education and training to administer the bus operator training program alongside the existing operator training program.
- **Third-party study.** The bill requires CDOT to contract a third-party study on the size of the district and transit-reliant services. The study will cost approximately \$250,000.

Department of State. The SOS requires funding to make a variety of software and hardware changes and conduct and outreach campaign.

- **Software and equipment.** The SOS requires one-time costs of \$1,240,568 to make changes to the voting system software and equipment, the Risk-limiting Audit (RLA) software, the centralized ballot tabulation system; the Election Night Reporting (ENR) system, and the Ballot Access applications.
- **Voter education and outreach campaign.** The SOS requires \$1,040,000 in FY 2026-27 and again in FY 2028-29 to carry out a voter education and outreach campaign for the 2026 and 2028 elections.
- **County reimbursement.** Under current law pursuant to [SB 23-276](#), the SOS reimburses counties 45 percent of eligible election costs to conduct elections with state-certified content. This bill requires that all costs associated with the new instant runoff voting for RTD elections be paid from the Department of State Cash Fund. At this time, an estimate of this reimbursement amount is not available (see Technical Note section below).

Legislative Department. The bill will minimally increase the workload of LCS and OLLS to redistrict the RTD districts by October 31, 2025, and each year following a census. The increase in workload can be accomplished within existing resources.

Judicial Department. The bill minimally increases the workload of the Judicial Department. The Colorado Supreme Court will need to create a new type of case regarding challenges to RTD districts, which will need to be entered into its case management System. The Supreme Court will also need to set aside deliberative time to consider the proposed apportionment by August 31, 2025. The work can be accomplished within existing resources.

Governor's Office. Workload will minimally increase for the Governor's Office of Boards and Commissions to make the required appointment under the bill. This work can be accomplished within existing appropriations.

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 will result in additional administrative costs for local governments who are part of DRCOG in order to coordinate with RTD as required, primarily in Section 2 of the bill, including coordinating on district size, services, and land use decisions as well as coordinating with CDOT for the study. Municipalities that provide transit services will incur costs to coordinate with MPOs under Section 18 of the bill.

In the event that a local government official serves as a director on the new RTD Board, they will incur administrative costs to serve in the role and will not receive additional compensation if they are a full-time local government employee.

Counties within RTD will have increased costs under the bill. Specifically, county clerks will need to be prepared to run a multi-county IRV race by 2026, including training election workers and judges, working with the SOS to correctly test, tabulate, and audit ranked voting elections. The work will continue into 2028 when all counties within RTD will need to be capable of running a single transferrable vote (STV) method election to conduct ranked choice voting for the two at-large district electors. Douglas County uses the Clear Ballot voting system, which does not support ranked voting. The Clear Ballot system is working on adding that capability, but it is unknown if that will be available by 2026. If it is not, Douglas County will need to adopt a new voting system to tabulate the election. County costs may be partly or wholly reimbursement by the state, depending on the method of reimbursement (see Technical Note below).

Statutory Public Entity

The bill will increase expenditures and workload for RTD by approximately \$1.0 million to develop the district's ten-year strategic plan. RTD will have various other changes to its costs associated with its modified board, coordination with DRCOG, and other requirements of the bill.

Technical Note

Starting with the 2024 election, the SOS reimburses counties 45 percent of the costs of conducting a coordinated election with state-certified ballot content. This reimbursement is currently funded from a blend of General Fund dollars and CDOS Cash Fund. However, this bill requires the SOS to reimburse counties for all reasonable increased costs to conduct a regional transportation district election, paid entirely from the CDOS Cash Fund. This will result in additional complexity to the rules, guidelines, estimation, and auditing of county elections-related expenses, and it may be unclear which costs should be paid under which reimbursement methodology. The fiscal note may be updated to provide additional information on potential county reimbursement costs after further research and consultation with counties and the SOS.

Effective Date

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

State Appropriations

For FY 2024-25, the bill requires an appropriation of \$1,240,568 to the Department of State from the Department of State Cash Fund.

The State Highway Fund is continuously appropriated to the Department of Transportation.

State and Local Government Contacts

Municipalities	County Clerks	Governor's Office
Judicial	Legislative Council Staff	Legislative Legal Services
Regional Transportation District	Secretary of State	Transportation

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