



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 25-1144: REPEAL RETAIL DELIVERY FEES

Prime Sponsors:

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Summary Information

Overview. The bill eliminates retail delivery fees imposed by the state and various enterprises.

Types of impacts. The bill is projected to affect the following areas on a continuous basis:

- State Revenue
- State Expenditures
- TABOR Refunds
- Local Government

Appropriations. For FY 2025-26, the bill requires an appropriation of \$24,167 to the Department of Revenue and a \$30,983,333 decrease in appropriations to the Department of Transportation.

Table 1
State Fiscal Impacts

Type of Impact¹	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue	-\$111.7 million	-\$136.6 million
State Expenditures	up to -\$111.7 million	up to -\$136.5 million
Transferred Funds	\$0	\$0
Change in TABOR Refunds	-\$44.96 million	-\$55.75 million
Change in State FTE ¹	0.0 FTE	0.5 FTE

¹ Fund sources for these impacts are shown in the tables below.

² While the bill results in a decrease in state FTE, the table shows the impact of shifting FTE funding in the Department of Revenue from cash funds to the General Fund.

**Table 1A
State Revenue**

Fund Source	Budget Year FY 2025-26	Out Year FY 2026-27
General Fund	\$0	\$0
Cash Funds	-\$111,670,854	-\$136,605,612
Total Revenue	-\$111,670,854	-\$136,605,612

**Table 1B
State Expenditures**

Fund Source	Budget Year FY 2025-26	Out Year FY 2026-27
General Fund	\$24,167	\$45,652
Cash Funds	-\$116,670,854	-\$136,605,612
Federal Funds	\$0	\$0
Centrally Appropriated	\$0	\$10,398
Total Expenditures	\$111,646,687	-\$136,549,562
Total FTE	0.0 FTE	0.5 FTE

Summary of Legislation

The bill eliminates the retail delivery fees created in Senate Bill 21-260.

Background

[Senate Bill 21-260](#) imposed fees on retail deliveries by motor vehicles that transport tangible personal property subject to the state sales tax. The retail delivery fees went into effect on July 1, 2022.

There are six retail delivery fees that are collected by the Department of Revenue (DOR) and then distributed to the Highway Users Tax Fund (HUTF), the Multimodal Transportation and Mitigation Options Fund (MMOF), and five enterprises. The DOR is permitted to retain a portion of the revenue to pay for the costs of collecting, administering and enforcing the fees.

The fees total 29 cents per delivery in FY 2024-25 and may be adjusted for inflation in future years. The amount of each fee is shown in Table 2.

Table 2
Retail Delivery Fees
FY 2024-25

Delivery Fee	TABOR Status	Fee per Delivery
State (HUTF, MMOF, and DOR)	Nonexempt	9.03¢
Bridge and Tunnel Enterprise	Exempt	2.90¢
Community Access Enterprise	Exempt	7.41¢
Clean Fleet Enterprise	Exempt	5.69¢
Clean Transit Enterprise	Exempt	3.22¢
Nonattainment Area Air Pollution Mitigation Enterprise	Exempt	0.75¢
Total		29.0¢

Assumptions

The Community Access Enterprise is funded only through retail delivery fees. It is assumed that this enterprise will cease to operate under this bill.

The Nonattainment Area Air Pollution Mitigation Enterprise and the Clean Fleet Enterprises receive other funding through fees on ride shares, and the Clean Transit Enterprise and Bridge and Tunnel Enterprise also have additional funding sources. It is assumed that these enterprises will operate with less revenue under the bill, reducing the amount of services they provide.

State Revenue

The bill decreases state revenue by \$111.7 million in FY 2025-26 and \$136.6 million in FY 2026-27, with larger decreases in future years when the fees would be inflation-adjusted under current law. Revenue impacts occur in eight state cash funds, including five state enterprises. Table 3 presents revenue reduction estimates through FY 2026-27. The fiscal note assumes that retail delivery fees will be adjusted for inflation in FY 2025-26 and FY 2026-27, consistent with the December 2024 LCS forecast. Enterprise revenue estimates are based on forecasts from each affected enterprise.

**Table 3
Revenue Under HB 25-1144**

Fund	Budget Year FY 2025-26	Out Year FY 2026-27
Department of Revenue*	-\$0.01 million	-\$0.1 million
Highway Users Tax Fund*	-\$26.2 million	-\$32.5 million
Multimodal Transportation and Mitigation Options Fund*	-\$18.7 million	-\$23.2 million
Bridge and Tunnel Enterprise	-\$10.6 million	-\$13.0 million
Community Access Enterprise	-\$23.5 million	-\$28.3 million
Clean Fleet Enterprise	-\$18.0 million	-\$21.7 million
Clean Transit Enterprise	-\$11.8 million	-\$14.4 million
Nonattainment Area Air Pollution Mitigation Enterprise	-\$2.8 million	-\$3.4 million
Total	-\$111.7 million	-\$136.6 million
Total Subject to TABOR*	-\$45.0 million	-\$55.8 million
Total Exempt from TABOR	-\$66.7 million	-\$80.8 million

Department of Revenue

The DOR is responsible for administering all of the retail delivery fees, and may retain a portion of the state retail delivery fee revenue to cover the cost of administration. Administrative costs include the salary for one tax examiner and total about \$80,000 per year. The DOR will retain revenue for three-fourths of this tax examiner’s time in FY 2025-26 using July 2025 collections.

Highway Users Tax Fund

Of the revenue from retail delivery fees that is distributed to the HUTF, 40 percent is allocated to the State Highway Fund within CDOT, 33 percent is allocated to counties, and 27 percent is allocated to municipalities. The State Highway Fund portion of revenue loss is estimated to be \$10.5 million in FY 2025-26 and \$13.0 million in FY 2026-27.

Multimodal Transportation and Mitigation Options Fund

Revenue to the MMOF is used for multimodal transportation projects and greenhouse gas mitigation projects. Of these funds, 85 percent are used to support local projects and 15 percent are retained by CDOT for statewide projects. The portion of the lost revenue attributable to state projects is estimated to be \$2.8 million in FY 2025-26 and \$3.5 million in FY 2026-27.

Enterprises

Each of the five enterprises in Table 3 above impose their own retail delivery fees to be allocated at the discretion of each enterprise’s governing board. All revenue collected by enterprises is exempt from the state TABOR limit.

State Expenditures

The bill reduces state and enterprise expenditures by the amounts described in the revenue section on an ongoing basis beginning in FY 2025-26. The bill additionally requires new General Fund expenditures in the DOR of \$24,167 in FY 2025-26, \$45,652 in FY 2026-27, and reduced amounts through FY 2028-29. These impacts are detailed below.

Department of Revenue

Revenue from the retail delivery fee is currently used by the DOR for administrative costs which include one tax examiner at the rate of \$79,611 per year. This bill will result in a reduction in personnel expenditures as workload associated with the retail delivery fees declines beginning in FY 2025-26; however, with a four-year statute of limitations, the DOR expects ongoing but decreasing audits, returns, collections, and corrections to previous filings where there is a protest or claim for refund. Because cash funds are repealed by the bill, these costs will shift to the General Fund. The impact on the General Fund is shown in Table 2. The cash fund savings is captured in the State Revenue section.

Additionally, the bill requires one-time computer programming estimated at \$24,167 in FY 2025-26. DOR will program, test, and update the DOR's GenTax software system to eliminate the retail delivery fee. Programming costs are estimated at \$23,175, representing 100 hours of contract programming at an hourly rate of \$231.75. Costs for testing at the department are estimated at \$992, representing 31 hours of work at an hourly rate of \$32.

Table 2
State Expenditures
Department of Revenue

Cost Component	Budget Year FY 2025-26	Out Year FY 2026-27
Personal Services	\$0	\$45,012
Operating Costs	\$0	\$640
Computer Programming	\$24,167	\$0
Centrally Appropriated Costs	\$0	\$10,398
Total Costs	\$24,167	\$56,050
Total FTE	0.0 FTE	0.5 FTE

Department of Transportation

The decrease in revenue to the State Highway Fund, MMOF, Bridge and Tunnel Enterprise, Clean Transit Enterprise, and Nonattainment Area Air Pollution Mitigation Enterprise will result in a reduction of expenditures in the Department of Transportation by the amounts specified in the revenue section.

State Highway Fund

Expenditures from the State Highway Fund for maintenance activities and match funds for the Infrastructure Investment and Jobs Act are expected to decrease under this bill. The State Highway Fund is continuously appropriated and most funding is dedicated to multi-year projects. Therefore, the amount of the decrease in expenditures for each fiscal year is not known.

Multimodal Transportation and Mitigation Options Fund

The MMOF is appropriated annually with three years of roll-forward authority, and most funding is dedicated to multi-year projects. The bill will result in fewer multimodal projects receiving funding, but the amount of the decrease in expenditures for each fiscal year is not known.

Bridge and Tunnel Enterprise

Revenue from the bridge and tunnel retail delivery fee is expected to make up about 6.5 percent of revenue in FY 2025-26 and FY 2026-27. The bill will result in fewer bridge and tunnel projects receiving funding, but the amount of the decrease in expenditures for each fiscal year is unknown since the fund is continuously appropriated.

Clean Transit Enterprise

The retail delivery fee makes up the entirety of the fee revenue going into the Clean Transit Enterprise fund, which is subject to appropriation by the General Assembly. Eliminating this fee revenue is expected to decrease expenditures by the enterprise's full appropriation amount beginning in FY 2025-26.

Nonattainment Areas Air Pollution Mitigation Enterprise

The Nonattainment Area Air Pollution Mitigation Enterprise is funded by its retail delivery fee and passenger ride fee. From implementation through 2024, the retail delivery fee has comprised of about 26 percent of total fee revenue in the fund. The bill will result in less expenditures by the enterprise, but because the fund is continuously appropriated, the amount of the decrease in expenditures in each fiscal year is not known.

Department of Public Health and Environment

The decrease in revenue to the Clean Fleet Enterprise outlined in the revenue section will result in a decrease in expenditures in the Department of Public Health and Environment. The funds otherwise would be dedicated toward grants for projects supporting electric vehicles and other clean fleet technology in government and private fleets. Revenue from the retail delivery fee has made up just under 89 percent of the enterprise's total revenue since the creation of the enterprise. Because the funds are continuously appropriated, it is not known in which fiscal years the decrease in expenditures will occur.

Colorado Energy Office

The decrease in revenue to the Community Access Enterprise outlined in the revenue section will result in a decrease in expenditures and personnel in the Colorado Energy Office. The funds otherwise would be used to support and incentivize the adoption of electric vehicles and electric alternatives to motor vehicles, including the development of vehicle charging infrastructure. The retail delivery fee is the sole fee revenue for the Community Access Enterprise. Because the fund is continuously appropriated, the enterprise may still have limited expenditures to close out projects in future years; however, with no other dedicated funding source, the enterprise will be unable to fund new projects or maintain personnel that currently manage projects funded by the enterprise.

TABOR Refunds

The bill is expected to decrease the amount of state revenue required to be refunded to taxpayers by the amounts shown in the State Revenue section above. This estimate assumes the December 2024 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2026-27. Because TABOR refunds are paid from the General Fund, decreased cash fund revenue subject to TABOR will increase the amount of General Fund available to spend or save. Decreased enterprise revenue will have no impact on the state TABOR refund obligation.

Local Government

The bill will decrease revenue to local governments from the HUTF by \$15.7 million in FY 2025-26, of which \$8.7 million is allocated to counties and \$7.1 is allocated to municipalities; and \$19.5 million in FY 2026-27 with growing amounts in future years, of which \$10.7 million is allocated to counties and \$8.8 million is allocated to municipalities.

The bill reduces funds from the MMOF for local projects by \$15.9 million in FY 2025-26, and \$19.7 million in FY 2026-27 with comparable amounts in future years. Funds for local projects from the MMOF may be used to expand local transit or other multimodal projects.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State Appropriations

For FY 2025-26, the bill requires a General Fund appropriation of \$24,167 to the Department of Revenue, and reductions in appropriations from the Multimodal Transportation and Mitigation Options Fund and the Clean Transit Enterprise Fund to the Department of Transportation in the amounts of \$19,158,333 and \$11,825,000, respectively. These amounts are based on Department of Transportation's forecast, rather than the LCS forecast described in the State Revenue Section.

No change to appropriations is required for the State Highway Fund, Statewide Bridge Enterprise Special Revenue Fund, Nonattainment Area Air Pollution Mitigation Enterprise Fund, Clean Fleet Enterprise Fund, or the Community Access Enterprise Fund because these funds are continuously appropriated to their respective departments.

State and Local Government Contacts

Colorado Energy Office	Public Health and Environment
Counties	Revenue
Municipalities	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](#).