



**Legislative Council Staff**  
*Nonpartisan Services for Colorado's Legislature*

# Fiscal Note

**Drafting Number:** LLS 24-0243  
**Prime Sponsors:**

**Date:** September 25, 2023  
**Bill Status:** Bill Request  
**Fiscal Analyst:** Matt Bishop | 303-866-4796  
matt.bishop@coleg.gov

**Bill Topic:** **PROGRAMS TO REDUCE OZONE BY INCREASED TRANSIT USE**

<b>Summary of Fiscal Impact:</b>	<input checked="" type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
	<input checked="" type="checkbox"/> State Expenditure	<input checked="" type="checkbox"/> Local Government
	<input checked="" type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill creates a grant program and extends another for reducing fares for public transportation. On an ongoing basis beginning in FY 2024-25, the bill increases state and local expenditures and transfers money from the General Fund.

**Appropriation Summary:** No appropriation is required as both cash funds are continuously appropriated to the Department of Transportation.

**Fiscal Note Status:** The fiscal note reflects the bill draft requested by the Transportation Legislation Review Committee.

**Table 1**  
**State Fiscal Impacts Under Bill 10**

		<b>Budget Year FY 2024-25</b>	<b>Out Year FY 2025-26</b>
<b>Revenue</b>		-	-
<b>Expenditures</b>	Youth Fare Free Transit Grant Program Fund	\$7 million	\$7 million
	Ozone Season Transit Grant Program Fund	\$7 million	\$7 million
	<b>Total Expenditures</b>	<b>\$14 million</b>	<b>\$14 million</b>
	<b>Total FTE</b>	<b>0.3 FTE</b>	<b>0.3 FTE</b>
<b>Transfers</b>	General Fund	(\$14 million)	(\$14 million)
	Youth Fare Free Transit Grant Program Fund	\$7 million	\$7 million
	Ozone Season Transit Grant Program Fund	\$7 million	\$7 million
	<b>Net Transfer</b>	<b>\$0</b>	<b>\$0</b>

**Other Budget Impacts**

## Summary of Legislation

The bill creates a new grant program for youth transit in the Department of Transportation (CDOT), and relocates and extends an existing grant program from the Colorado Energy Office (CEO) to CDOT.

**Youth Fare Free Transit Grant Program.** The new Youth Fare Free Transit Grant Program in CDOT provides grants to transit agencies for year-round, fare-free transit services to riders 19 years of age or younger. The bill specifies the maximum amount of grant funding a recipient may receive each year, how any grant awards must be spent, and annual reporting requirements. The State Auditor must include the Regional Transportation District's (RTD) use of grant money as part of its next performance audit.

The bill creates the Youth Fare Free Transit Grant Program Fund, which consists of money the General Assembly appropriates or transfers to the fund, as well as any gifts, grants, or donations received for the program. The fund is continuously appropriated to CDOT for administering the grant program. Beginning in FY 2024-25, the State Treasurer must transfer \$7 million to the fund each July 1.

**Ozone Season Transit Grant Program.** The bill moves the existing Ozone Season Transit Grant Program from CEO to CDOT and eliminates the program's scheduled repeal. The State Treasurer is required to transfer \$7 million to the Ozone Season Transit Grant Program Fund each July 1 beginning in FY 2024-25.

## State Revenue

The bill potentially increases state revenue to the Youth Fare Free Transit Grant Program from gifts, grants, or donations; however, no sources have been identified at this time. Gifts, grants, and donations are exempt from TABOR revenue limits.

## State Transfers

Beginning in FY 2024-25, the bill requires the following transfers on July 1 each year:

- \$7 million from the General Fund to the Youth Fare Free Transit Grant Program Fund; and
- \$7 million from the General Fund to the Ozone Season Transit Grant Program Fund.

**State Expenditures**

The bill increases state expenditures in CDOT beginning in FY 2024-25 to administer the grant programs and workload in the Office of the State Auditor. Expenditures are shown in Table 2 and discussed below. Costs are paid from continuously appropriated cash funds for the two grant programs.

**Table 2  
Expenditures Under Bill 10**

	FY 2024-25	FY 2025-26
<b>Department of Transportation</b>		
Personal Services	\$18,997	\$18,997
Operating Expenses	\$384	\$384
Grants	\$13,975,385	\$13,975,385
Centrally Appropriated Costs <sup>1</sup>	\$5,234	\$5,234
<b>Total</b>	<b>\$14,000,000</b>	<b>\$14,000,000</b>
<b>Total FTE</b>	<b>0.3 FTE</b>	<b>0.3 FTE</b>

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

**Department of Transportation.** The bill increases expenditures to award grants and to administer the grant programs.

- **Staff.** CDOT requires 0.3 FTE to manage both grant programs, including developing grant policies, reviewing applications and reports, monitoring, and reporting to the legislature.
- **Grants.** After administrative expenditures, the remaining money transferred for the grant programs is available for CDOT to award grants to transit associations and RTD.

**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 it takes place during the 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 collects by up to \$5 million per year.

## Technical Note

The bill transfers the Ozone Season Transit Grant Program from CEO to CDOT and repeals CEO's existing authority when the bill takes effect, upon the Governor's signature. This may impact CEO's ability to execute existing contracts during FY 2023-24 by repealing its spending authority. The fiscal note assumes that the bill will be amended to preserve CEO existing authority over the life of existing contracts.

## 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

Regional Transportation District

State Auditor