



## Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

# Revised Fiscal Note

(replaces fiscal note dated January 30, 2023)

<b>Drafting Number:</b>	LLS 23-0623	<b>Date:</b>	March 17, 2023
<b>Prime Sponsors:</b>	Rep. Vigil; Bacon Sen. Winter F.; Hinrichsen	<b>Bill Status:</b>	Conference Committee
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**Bill Topic:** OZONE SEASON TRANSIT GRANT PROGRAM FLEXIBILITY

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

The bill updates the timeframe and acceptable uses of grant money received to operate the Ozone Season Transit Grant Program. It requires the Transportation Commission to adjust Transportation Planning Regional boundaries. For Regional Transportation Authorities, the bill increases the sales and use tax amount that can be assessed by 1 percent and continues their authority to levy up to 5 mills indefinitely. The bill impacts state workload and conditional local revenue and expenditures on an ongoing basis.

**Appropriation Summary:** No appropriation is required.

**Fiscal Note Status:** The revised fiscal note reflects the rerevised bill.

## Summary of Legislation

The bill updates the eligibility requirements of the Ozone Season Transit Grant Program. It allows an eligible transit agency that operates where ozone levels are typically highest during a period different than June 1 through August 31 to designate an alternate period for its "ozone season." The bill establishes that if a transit association or regional transportation district receives a grant less than the maximum amount allowed in a year, in the following year it may receive the maximum amount plus the difference between the maximum amount and the amount received the prior year. In addition, the bill clarifies acceptable uses for grant money, marketing expenses, rider surveys, and expanding free services or free routes.

By July 1, 2024, the Transportation Commission is required to adjust the boundaries of its transportation planning regions to ensure the state's population is proportionally and equitably represented on the Statewide Transportation Advisory Committee. When deciding what boundary adjustments to make, the commission must consider highway corridors, safety and asset management considerations, travel patterns, transit-oriented development, and levels of air pollutants.

The bill increases the sales or use tax levy that may be assessed by a Regional Transportation Authority (RTA) by 1 percent, for a total authorization of a sales or use tax levy of up to 2 percent.

Finally, the bill extends the authority of RTAs to impose a property tax of 5 mills indefinitely, which is currently set to expire on January 1, 2029.

## Background

**Ozone Season Transit Grant Program.** Senate Bill 22-180 established the Ozone Season Transit Grant Program in the Colorado Energy Office (CEO), and transferred \$28.0 million into the Ozone Season Transit Grant Program Fund, which is continuously appropriated to the CEO. The program was created to provide grants for free transit services during ozone season, defined as the period from June 1 through August 31 each year.

The CEO may provide grants of up to \$3.0 million to transit associations and \$11.0 million to the Regional Transportation District (RTD) each year. Grant funding may be used by transit associations for direct and indirect costs of establishing their own grant programs to provide funding to transit agencies. Transit associations and the RTD must submit a report to the CEO by December 1 of each year that they receive grant funding, with information about expanded transit services provided as a result of the grant funding.

**Statewide Transportation Advisory Committee.** The 17-member Statewide Transportation Advisory Committee (STAC) advises CDOT on statewide transportation needs and offers review and comments on all regional transportation plans, as well as the Statewide Transportation Plan. In addition to a representative from each of the state's planning regions, a representative from both the Southern Ute Indian Tribe and the Ute Mountain Ute Indian Tribe in southwest Colorado serve on the committee. The committee meets monthly in Denver.

**Regional Transportation Authorities.** Municipalities and counties may join together to create RTAs to finance, construct, operate, or maintain regional transportation systems, if the proposal is approved by registered electors within the boundaries of the proposed authority. See the LCS [Transportation Handbook](#) for further detail on existing RTAs.

State law authorizes RTAs to establish, collect, and increase or decrease tolls, rates, and charges to finance a transportation system. Authorities may levy sales taxes, impose an annual motor vehicle registration fee, levy a visitor benefit tax, impose a property tax, establish regional transportation activity enterprises, and issue bonds. Authority taxation questions and multi-year debt questions must be submitted to the registered electors residing within the authority's boundaries for approval.

The Department of Revenue (DOR) collects and administers the sales tax on behalf of RTAs; the Division of Local Government in the Department of Local Affairs (DOLA) issues certificates to duly formed RTAs, and provides information and advice to RTAs regarding various laws affecting local governments; and the Department of Transportation (CDOT) is involved in determining how a proposed RTAs system may affect or alter road systems.

## State Expenditures

The bill increases workload for CDOT, and may increase workload for the DOR and DOLA; however, no change in appropriations is required for any agency. The Transportation Commission will study and make transportation planning region boundary adjustments with CDOT staff support within existing resources. The DOR and DOLA will be required to update materials related to RTAs.

## Local Government

The bill extends the statutory authority of local governments, acting through RTAs, to levy a property tax and collect up to an additional 1 percent in sales and use taxes. Because these taxes are subject to approval by voters within the RTA, the bill is assessed as having a conditional fiscal impact. Any costs for conducting the election would be paid by the local governments affiliated with the RTA. If additional taxes are approved, any costs for issuing bonds and making transportation improvements will be paid from tax proceeds.

## 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  
State Auditor

Information Technology  
Transportation

Regional Transportation District