

Initiative 175: Redirect State Funds to Roads

Placed on the ballot by citizen initiative • Passes with 55 percent of the vote

Initiative 175 proposes amending the Colorado Constitution to:

- require that certain transportation-related state taxes and fees are only used for road construction and maintenance projects, and to fund Colorado State Patrol.

What Your Vote Means

YES

A “yes” vote on initiative 175 redirects and dedicates existing vehicle-related taxes and fees away from other state programs and towards roads and road safety.

NO

A “no” vote on Initiative 175 means the state maintains its existing funding levels for transportation and other state programs.

Summary and Analysis of Initiative 175

What does the measure do?

Initiative 175 requires that a variety of existing state-imposed taxes, fees, and surcharges for the sale and operation of cars and trucks be spent exclusively on road transportation. This includes all state sales and excise taxes on motor vehicles and fuel, plus two-thirds of sales taxes collected on vehicle parts and accessories. This revenue is restricted to four uses:

- construction and maintenance of public roads;
- design and engineering costs for road projects;
- safety improvements for motor vehicles on public roads; and
- Colorado State Patrol operations.

When does this measure take effect?

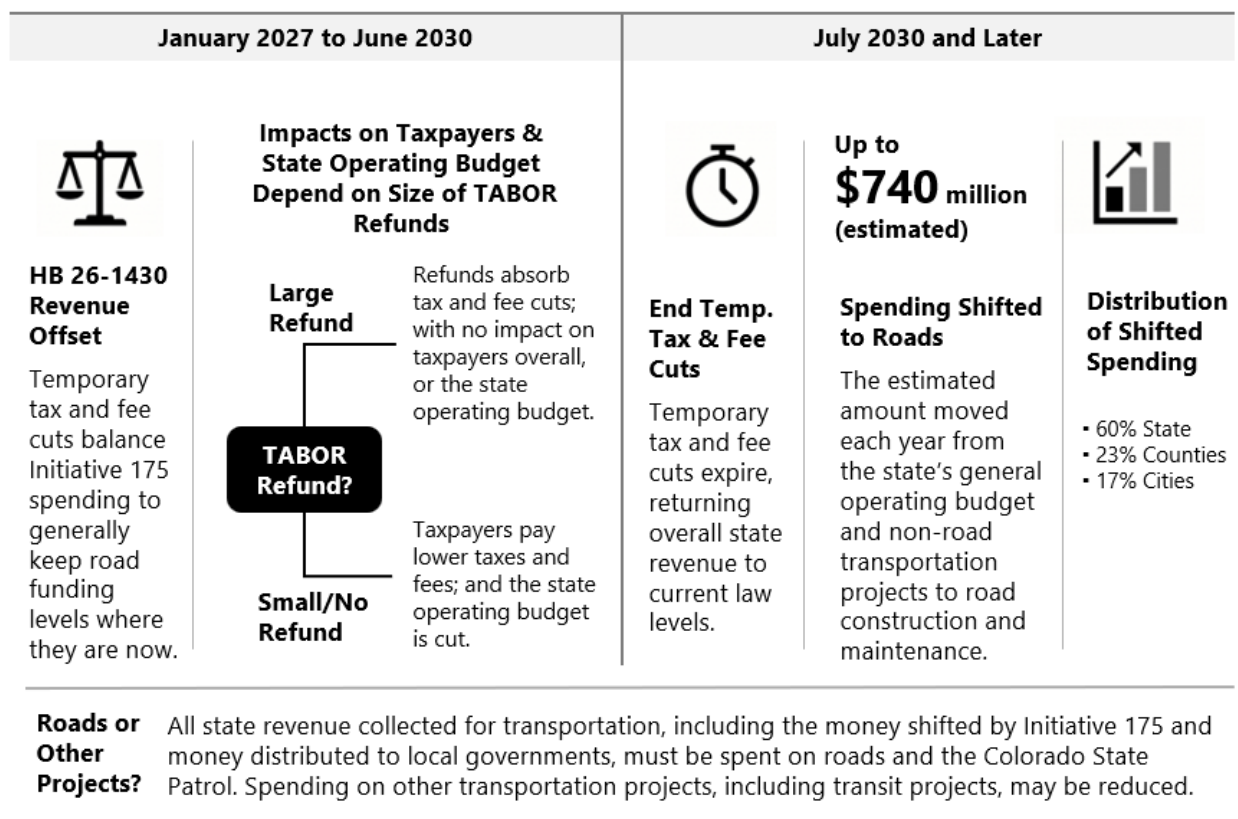
If the measure passes, it takes effect in January 2027, but its full impact is delayed by a bill passed by the state legislature. House Bill 26-1430 temporarily reduces fuel excise taxes, registration fees, and other transportation-related charges through June 2030. Figure 1 illustrates the combined impacts of Initiative 175 and House Bill 26-1430.

As a result of House Bill 26-1430, between 2027 and mid-2030, the reduction in tax rates roughly offsets the new spending requirements, maintaining road funding and general government operations at current levels, with motor vehicle owners paying somewhat less in fees and taxes. The lowered fee and tax collections will reduce state revenue relative to the

state's constitutional revenue limit, also known as the Taxpayer's Bill of Rights (TABOR) limit. Less revenue subject to TABOR will reduce or eliminate TABOR refunds to taxpayers, which are paid from the state's general operating budget when state revenue is over the TABOR limit. In years where TABOR refunds are eliminated, the measure instead reduces the amount of money available for other budget priorities.

Beginning in July 2030, the taxes and fees return to their current levels. From that point on, the overall amount of state revenue collected is unchanged, and certain motor vehicle-related revenue is redirected to be used for the road transportation priorities outlined in the bulleted list in the section above and described further below.

Figure 1
Combined Impact of Initiative 175 and HB 26-1430



How does redirecting funding to road transportation affect other state operations?

Starting July 2030, it is estimated that up to \$740 million per year will be directed away from current uses and toward roads and road safety. However, the actual amount can only be determined after state law is changed to clarify exactly which existing sources of transportation-related revenue are shifted by the measure. The broadest interpretation of these sources includes the following two categories:

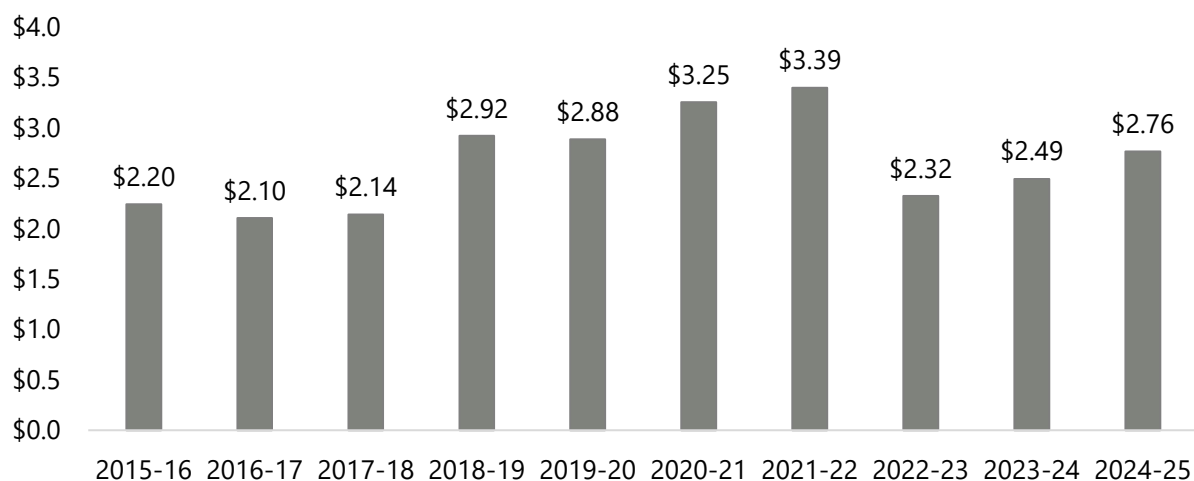
- State sales and use taxes collected on the sale of automobiles, parts, and accessories that are currently credited to the state's General Fund and support general government operations. These include public education, health care, human services, and prisons. Initiative 175 requires that an estimated \$570 million be spent on roads rather than general government operations.
- In addition to funding roads, some of the revenue from taxes on gasoline, and fees and surcharges from vehicle registrations support other transportation programs such as Division of Motor Vehicle (DMV) services, license plate manufacturing, police officer training, statewide emergency medical services, air pollution control, pedestrian and bicycle infrastructure, rapid transit, and electric vehicle charging stations, among others. Initiative 175 requires that an estimated \$170 million of annual funding for these programs be spent on roads instead.

Some state and local transportation projects are eligible for matching federal grants. In cases where the measure reallocates state funding away from transit or transportation programs other than road construction, federal matching grants will also become unavailable. However, in cases where the measure allocates more state funding to road maintenance and repair projects eligible for federal match, it will make more federal money available to the state.

How much funding currently goes towards roads and overall transportation?

The state's main sources of transportation funding include motor fuel taxes, registration fees, retail delivery fees, and other transportation-related fees and surcharges, along with federal revenue distributions, which fund a mix of road construction and other transportation-related projects. Figure 2 below shows total transportation funding, including federal matching funds over the past 10 years.

Figure 2
Total State Transportation Funding and Federal Matching Grants
Billions of Dollars



How will the redirected funding be allocated?

The measure requires that state revenue to support road transportation be allocated between the state, counties, and municipalities in the same way many transportation-related sources are currently allocated:

- 60 percent to the state for public highways and roads;
- 23 percent to counties for county road projects; and
- 17 percent to municipalities for municipal road projects.

This funding may no longer be spent to support transit and other transportation-related programs that do not fit the requirements in the measure.

Argument For Initiative 175

- 1) Colorado's roads are in serious decline. The American Society of Engineers gave them a D+ grade in 2025, down from an already-poor C- just five years earlier, with only 34 percent rated in "good" condition. Poorly maintained roads are not just an inconvenience, they are a safety hazard that causes property damage, injuries, and even fatalities. Yet, less than 5 percent of the state's operating budget goes towards the state's transportation department (CDOT), and only a fraction of that is used for road maintenance and repair. Initiative 175 fixes this without costing Coloradans anything more. Money that drivers already pay in vehicle-related taxes and fees should go towards roads.

Argument Against Initiative 175

- 1) Initiative 175 redirects hundreds of millions of dollars toward road construction while cutting funding for a wide range of other essential government services. Its vaguely defined terms risk unintended consequences that will be hard to reverse once part of the state constitution. The measure's biggest beneficiary is not the traveling public but the road construction industry, which has already seen state contract payments nearly double over the past six years, from \$0.6 billion in the 2018-19 budget year to \$1.1 billion in 2024-25. The need for better roads must be balanced against other essential state services, which cannot be achieved through rigid formulas in the state constitution that subsidize one industry.

Information about the organizations supporting and opposing this measure is available on the Colorado Secretary of State's website:

www.coloradosos.gov/pubs/elections/Initiatives/ballot/contacts/2026.html

Fiscal Impact of Initiative 175

The fiscal impact will be included in the second draft.