Initiative 162

Fiscal Summary

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Measure: Initiative 162 – STATE REVENUE SUPPORTING ROAD TRANSPORTATION

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Fiscal Summary of Initiative 162

This fiscal summary, prepared by the nonpartisan Director of Research of the Legislative Council, contains a preliminary assessment of the measure's fiscal impact. A full fiscal impact statement for this initiative is or will be available at leg.colorado.gov/bluebook. This fiscal summary identifies the following impact.

State Expenditures

The measure requires the state to spend revenue from various transportation-related sources only on road transportation projects. This will obligate the state to spend an estimated $1.28 billion in revenue collected in FY 2026-27 (a half-year impact) and $2.63 billion in revenue collected in FY 2027-28 only on road transportation, rather than other purposes. Over the full 10-year period, the measure is estimated to obligate up to $29.24 billion for road transportation projects only. The measure does not specify years in which the revenue must be spent.

The measure requires revenue from these transportation-related sources to be distributed for spending in a manner consistent with the Highway Users Tax Fund (HUTF) distribution as provided in state law. The ballot measure is expected to require an additional $610.1 million in state General Fund, cash fund, and enterprise revenue collected in FY 2026-27 and $1.23 billion in FY 2027-28 to be distributed to the State Highway Fund, counties, and municipalities. Over the full 10-year period, the measure is estimated to obligate up to $14.51 billion in General Fund, cash fund, and enterprise revenue for road transportation in a manner consistent with the HUTF distribution.

To the extent that other programs and initiatives besides road transportation projects would have been funded with this revenue under current law, these programs may have less funding or require funding from other sources. State revenues for FY 2026-27 and beyond are not currently budgeted. Therefore, it is not known how much revenue would have been allocated towards road transportation under current law and how the requirements of this measure would shift uses of funding.

TABOR Refunds

By requiring expenditures of enterprise revenue for purposes outside of the collecting enterprise, the ballot measure increases cash fund revenue subject to TABOR. The measure is expected to increase the amount of state revenue required to be refunded to taxpayers by $257.9 million in FY 2026-27. This estimate assumes the September 2025 LCS 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, increased cash fund revenue subject to TABOR will reduce the amount of General Fund available to spend or save in FY 2026-27 and any future years when the state is over its revenue limit.

Local Government

The measure increases state government revenue distributions to county and municipal governments by $243.8 million in FY 2026-27 (half-year impact) and $484.3 million in FY 2027-28. Over the full 10-year period, it is expected to increase distributions by a total of $5.70 billion. The measure additionally prevents local governments from using road transportation revenue distributed by the state between 2027 and 2036 on projects not permitted under this measure.

Economic Impacts

To the extent that the measure shifts state spending toward road transportation as defined by the measure and away from other types of transportation projects, public spending on the construction, maintenance, and operation of public roads and bridges will increase. At the same time, public spending on other programs or transportation-related services such as public transit, electric transportation, and bicycle and pedestrian infrastructure will decrease. Changes in spending will shift economic activity between different industries and sectors. Any overall change in economic activity would depend on the net impacts of these changes in funding.