



Fiscal Note  
Legislative Council Staff  
Nonpartisan Services for Colorado’s Legislature

SB 25-272: REGL TRANSP AUTH SALES & USE TAX EXEMPTION

Prime Sponsors:  
Sen. Winter F.; Catlin

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Fiscal note status: This fiscal note reflects the introduced bill.

Summary Information

Overview. The bill allows Regional Transportation Authorities to construct housing for employees and contractors and exempts the purchase of those construction materials from the state sales and use tax.

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

- State Revenue
- Minimal State Workload
- TABOR Refunds
- Local Government

Appropriations. No appropriation is required.

Table 1  
State Fiscal Impacts

Type of Impact	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue (General Fund)	-\$22,000	-\$40,000
State Expenditures	\$0	\$0
Transferred Funds	\$0	\$0
Change in TABOR Refunds	-\$22,000	-\$40,000
Change in State FTE	0.0 FTE	0.0 FTE

## Summary of Legislation

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The bill authorizes a Regional Transportation Authority or its board to construct and maintain housing for its employees or contractors and exempts those construction materials from the state sales and use tax.

## Background

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Regional Transportation Authorities (RTAs) are a combination of municipalities, counties, and/or special districts with a contract approved by the Colorado Department of Transportation (CDOT) to address transportation needs within a specific geographic region of the state. Once approved, RTAs can finance, construct, operate, or maintain regional transportation systems.

State law authorizes RTAs to establish, collect, and increase or decrease tolls, rates, and charges to finance a transportation system. RTAs 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. RTA taxation questions and multi-year debt questions must be submitted to the registered electors residing within the authority's boundaries for approval.

Seven RTAs currently exist in the state, with current housing for employees as follows:

- **Aerotropolis Regional Transportation Authority** does not provide housing for employees or have current plans to do so;
- **Eagle Valley Transportation Authority** has two purchased buildings and multiple leased units, providing housing for about 45 or two-thirds of its employees, with plans to expand housing in the future;
- **Gunnison Valley Rural Transportation Authority** has housing units for nine employees with no current plans for the construction or purchasing of more units;
- **Pikes Peak Rural Transportation Authority** does not provide employee housing or have current plans to do so;
- **Roaring Fork Transportation Authority** has multiple employee housing complexes;
- **San Miguel Authority for Regional Transportation** does not show housing expenditures for employees in its financial statements; and
- **South Platte Valley Regional Transportation Authority** does not show housing expenditures for employees in its financial statements.

## Assumptions

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Three out of the seven RTAs currently report providing purchased or leased housing for some employees, and it is assumed that those housing units require maintenance and repair for which material costs would be exempt from state sales and use tax under this bill. The fiscal note assumes that under current law, RTAs are not constructing new housing for employees.

The fiscal note assumes that the bill will not change the overall demand for housing in Colorado. Therefore, the construction of new housing for RTA employees is expected to supplant private construction of housing, resulting in no net increase in total housing construction but an increase in construction of housing for which construction materials are exempt from the state sales and use tax. Thus, the fiscal note estimates a decrease in sales and use tax revenue under this bill.

## State Revenue

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The bill is expected to reduce sales and use tax revenue to the General Fund by \$22,000 in FY 2025-26 and \$40,000 in FY 2026-27 with comparable amounts in future years as shown in Table 2 below.

**Table 2**  
**State Revenue**

<b>Fund Source</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>
Repairs of Current Housing	-\$4,000	-\$4,000
Materials for New Construction	-\$18,000	-\$36,000
<b>Total Revenue</b>	<b>-\$22,000</b>	<b>-\$40,000</b>

## Repairs of Current Housing

Under current law, three RTAs report providing purchased or leased housing to employees. Estimates for repairs of current housing are based on these RTAs' budgeted amounts for housing. It is assumed that only a portion of those housing budgets would be used on construction materials. Other uses may include but are not limited to cleaning and administrative costs.

## Materials for New Construction

Based on existing housing for RTA employees, it is assumed that new housing construction would consist of multifamily units, and each multifamily complex would average 10 units. Based on market research, it is assumed that the average unit is 900 square feet and the average cost of construction materials is \$135 per square foot, adjusted for inflation in future years based on the March 2025 LCS forecast. It is assumed that construction of employee housing would begin in 2026 to account for time to procure land and develop construction plans.

## **State Expenditures**

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The Department of Revenue will make changes to its publications and procedures related to the current sales and use tax exemption for construction materials; however, no programming is required. Because the population for the exemption is relatively small, work is expected to be minimal and can be completed within existing appropriations.

## **TABOR Refunds**

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The bill is expected to decrease the amount of state revenue required to be refunded to taxpayers by the amounts in the state revenue section. This estimate assumes the March 2025 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 General Fund revenue will lower the TABOR refund obligation, but result in no net change to the amount of General Fund otherwise available to spend or save.

## **Local Government**

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### **Regional Transportation Authorities**

The bill expands the powers of RTAs to allow them to construct housing for their employees and contractors. To the extent that RTAs construct housing as a result of this bill, expenditures will shift from current uses of funds.

The three RTAs that currently provide housing to employees will not have to pay state sales and use tax on their material costs for the maintenance and repair of current structures; therefore, those RTAs may see a decrease in expenditures in years where building materials for maintenance and repair are purchased.

### **Other Local Governments**

The bill will decrease revenue for the state-collected local governments that incorporate the exemption and conform to the state tax base. The bill allows special districts and state-collected city and county governments to include the exemption in their sales tax base, but does not require them to do so. The Regional Transportation District (RTD) and Scientific and Cultural Facilities District (SCFD) are the two special districts that use the state's sales tax base in all instances, and the exemption in the bill would apply to those districts resulting in minimal decreased revenue for the RTD and SCFD.

## **Effective Date**

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The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

## State and Local Government Contacts

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Counties

Local Affairs

Municipalities

Regional Transportation District

Revenue

Special District Association

Transportation