



Colorado
Legislative
Council
Staff

SB16-087

REVISED
FISCAL NOTE

(replaces fiscal note dated February 10, 2016)

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 16-0900
Prime Sponsor(s): Sen. Baumgardner
Rep. Tyler

Date: May 2, 2016
Bill Status: Senate Second Reading
Fiscal Analyst: Erin Reynolds (303-866-4146)

BILL TOPIC: HIGHWAY-RAIL CROSSING SIGNALIZATION FUND FUNDING

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018		
State Revenue	<u>\$0</u>	<u>\$0</u>		
<i>State Transfer</i> Highway Users Tax Fund Highway-Rail Crossing Signalization Fund	up to (240,000) up to 240,000	up to (244,800) up to 244,800		
State Expenditures Cash Funds	Increase and decrease. See State Expenditures section.			
Appropriation Required: \$240,000 – Department of Regulatory Agencies (FY 2016-17).				
Future Year Impacts: Ongoing cash fund transfer and state expenditure impact.				

Summary of Legislation

The bill requires an annual transfer, subject to annual appropriation, of off-the-top Highway Users Tax Fund (HUTF) revenue to the Highway-Rail Crossing Signalization Fund as follows:

- in FY 2016-17, up to \$240,000; and
- in FY 2017-18 and each year thereafter, up to \$240,000 plus a cumulative inflation adjustment of 2 percent per year.

Background

Highway-Rail Crossing Signalization Fund. The Highway-Rail Crossing Signalization Fund was created to promote public safety and to provide for the payment of costs of installing, reconstructing, and improving automatic and other safety appliance signals or devices at grade crossings of tracks over any public highway or road. The fund may not be used to pay for any projects that use any federal highway funding. Under existing law, a \$240,000 transfer from the General Fund to the Highway-Rail Crossing Signalization Fund is to occur annually, subject to appropriation. However, the last General Fund appropriation to the Highway-Rail Crossing Signalization Fund occurred in 2003, when it was granted \$13,524 in spending authority.

Highway Users Tax Fund. The HUTF is the primary source of highway funds in Colorado. Preliminary estimates of revenue to the fund totaled \$1.10 billion in FY 2014-15. Revenue from the HUTF comes from motor fuel taxes, registration fees, Funding Advancement for Surface Transportation and Economic Recovery (FASTER) vehicle registration and car rental fees, and other sources like driver's license fees, court fines, and interest earnings.

HUTF funds are allocated to CDOT, counties, and municipalities, based on statutory formulas. The terms "first stream" and "second stream" are commonly used when explaining the distribution of revenue from the HUTF. Prior to the first stream distribution, appropriations are made to the Department of Revenue, for highway-related functions, and to the Colorado State Patrol in the Department of Public Safety. These appropriations are referred to as "off-the-top" deductions. Remaining first stream revenue is distributed to CDOT (65 percent), counties (26 percent), and municipalities (9 percent). Second stream revenue is distributed to CDOT (60 percent), counties (22 percent), and municipalities (18 percent).

State Revenue

The bill results in a transfer of **up to \$240,000 in FY 2016-17 and up to \$244,800 in FY 2017-18** from the HUTF to the Highway-Rail Crossing Signalization Fund. Beginning in FY 2016-17, up to \$240,000 will be diverted to the Highway-Rail Crossing Signalization Fund each year from the HUTF. In FY 2017-18, an additional 2 percent annual inflation adjustment on the \$240,000 will be transferred, resulting in a total transfer of up to \$244,800. This transfer does not affect overall net revenue to the state.

State Expenditures

State expenditures from the Highway-Rail Crossing Signalization Fund will increase beginning in FY 2016-17, while state expenditures will decrease from the HUTF.

Public Utilities Commission — DORA. The amount of the expenditure increase in the Public Utilities Commission (PUC) in DORA will depend on the number and value of grants awarded by the PUC to fund rail crossing safety improvements. The PUC has statutory authority to approve payments from the fund, and interest on the fund is continuously appropriated.

Department of Transportation. Expenditures in CDOT will decrease by up to \$156,000 in FY 2016-17 and up to \$159,120 in FY 2017-18, which represents the amount of first stream revenue distributed to CDOT (65 percent) that will instead be transferred to the PUC under the bill. However, CDOT is eligible to request funding from the Highway-Rail Crossing Signalization Fund for rail crossing signalization projects that are not federally funded.

Local Government Impact

The bill will decrease HUTF revenue to counties by up to \$62,400 in FY 2016-17 and \$63,648 in FY 2017-18 and to municipalities by up to \$21,600 in FY 2016-17 and \$22,032 in FY 2017-18. This amount represents first stream HUTF revenue distribution to these entities — 26 percent to counties and 9 percent to municipalities.

Effective Date

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

State Appropriations

For FY 2016-17, the bill includes a cash fund appropriation of \$240,000 to the Highway-Rail Crossing Signalization Fund in the Department of Regulatory Agencies from the Highway Users Tax Fund.

State and Local Government Contacts

Information Technology
Transportation

Regulatory Agencies
Treasury

Revenue