



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

**SB 25-320: COMMERCIAL MOTOR VEHICLE TRANSPORTATION**

**Prime Sponsors:**

Sen. Bridges; Kirkmeyer  
Rep. Bird; Taggart

**Fiscal Analyst:**

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**Fiscal note status:** This fiscal note reflects the engrossed bill. The bill was recommended by the Joint Budget Committee.

**Summary Information**

**Overview.** The bill increases the Bridge and Tunnel Impact Fee from FY 2025-26 through FY 2027-28 and reinstates the sales and use tax exemption for low-emitting and alternative fuel trucks from August 1, 2025, through December 31, 2028.

**Types of impacts.** The bill is projected to affect the following areas on a temporary basis:

- State Revenue
- State Expenditures
- TABOR Refunds
- Local Government

**Appropriations.** For FY 2025-26, the bill requires and includes an appropriation of \$3,959 to the Department of Revenue.

**Table 1**  
**State Fiscal Impacts**

Type of Impact <sup>1</sup>	Budget Year FY 2025-26	Out Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
State Revenue	\$13.5 million	\$6.6 million	\$6.8 million	-\$0.3 million
State Expenditures	\$3,959	\$4,067	\$0	\$0
Transferred Funds	\$0	\$0	\$0	\$0
Change in TABOR Refunds	-\$0.5 million	-\$0.5 million	not estimated	not estimated
Change in State FTE	0.0 FTE	0.0 FTE	0.0 FTE	0.0 FTE

<sup>1</sup> Fund sources for these impacts are shown in the tables below.

**Table 1A  
State Revenue**

<b>Fund Source</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>	<b>Out Year FY 2028-29</b>
General Fund	-\$0.5 million	-\$0.5 million	-\$0.5 million	-\$0.3 million
Cash Funds	\$14.0 million	\$7.1 million	\$7.3 million	\$0
<b>Total Revenue</b>	<b>\$13.5 million</b>	<b>\$6.6 million</b>	<b>\$6.8 million</b>	<b>-\$0.3 million</b>

**Table 1B  
State Expenditures**

<b>Fund Source</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>	<b>Out Year FY 2028-29</b>
General Fund	\$0	\$0	\$0	\$0
Cash Funds	\$3,959	\$4,067	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0
Centrally Appropriated	\$0	\$0	\$0	\$0
<b>Total Expenditures</b>	<b>\$3,959</b>	<b>\$4,067</b>	<b>\$0</b>	<b>\$0</b>
<b>Total FTE</b>	<b>0.0 FTE</b>	<b>0.0 FTE</b>	<b>0.0 FTE</b>	<b>0.0 FTE</b>

## Summary of Legislation

The bill increases the Bridge and Tunnel Impact Fee rate from FY 2025-26 through FY 2027-28 as shown in Table 2 below.

**Table 2  
Bridge and Tunnel Impact Fee Per Gallon of Special Fuels**

<b>Fee (per gallon)</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>	<b>FY 2026-27</b>	<b>FY 2027-28</b>	<b>FY 2028-29</b>
Current Law	\$0.04	\$0.05	\$0.06	\$0.07	\$0.08
SB 25-320	\$0.04	\$0.07	\$0.07	\$0.08	\$0.08
<b>Change in Fee</b>	<b>\$0.00</b>	<b>\$0.02</b>	<b>\$0.01</b>	<b>\$0.01</b>	<b>\$0.00</b>

The bill also reinstates the Low-Emitting Vehicles sales and use tax exemption from August 1, 2025, through December 31, 2028. The exemption originally expired at the end of 2024.

## **Background**

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### **Bridge and Tunnel Impact Fee**

[Senate Bill 21-260](#) created the Bridge and Tunnel Impact fee on special fuels, effective beginning in FY 2022-23 at a rate of \$0.02 per gallon and increasing incrementally by one cent per year to reach \$0.08 per gallon in FY 2028-29. The Bridge and Tunnel Impact fee is applied to diesel fuel sales and collected in the same manner as the state's Road Usage fees, before being credited to the Bridge and Tunnel Enterprise within the Department of Transportation (CDOT) to be used for the maintenance of Colorado's bridges and tunnels.

FY 2023-24, revenue from the fee totaled \$21.7 million at a rate of \$0.03 per gallon, representing 13.2 percent of total revenue to the Bridge and Tunnel Enterprise. Other revenue sources for the enterprise include the Bridge Safety surcharge; a retail delivery fee; federal funds; and any gifts, grants, and donations received.

### **Low-Emitting Vehicles Exemption**

From 1999 through 2024, the sale, storage, use, and consumption of a qualifying vehicle, qualifying power source for any motor vehicle, or qualifying parts used for converting the power source of any motor vehicle was exempt from state sales and use taxes. The exemption applied to heavy-duty trucks that complied with certain emission standards established by the federal Environmental Protection Agency and motor vehicles with gross vehicle weight ratings greater than 10,000 pounds that used certain fuel alternatives.

[House Bill 24-1036](#) eliminated the sales and use tax exemption effective January 1, 2025. In 2023, the most recent year of data, Low-Emitting Vehicles exemptions totaled \$452,100.

### **DRIVES Programming**

The Division of Motor Vehicles (DMV) in the DOR uses its Driver License, Record, Identification and Vehicle Enterprise Solution (DRIVES) information technology system for all driver license and motor vehicle transactions. The DRIVES system requires an extensive 18-month upgrade, which is scheduled to take place until March 31, 2026. As a result, the DOR has requested that any new legislation requiring DRIVES programming have an effective date of July 1, 2027, with roll-forward spending authority through FY 2028-29, noting that each programming requirement during the system upgrade period may increase the overall project timeline. Based on the current effective date in the bill, the fiscal note includes costs for the DRIVES programming to take place twice—in the existing and new system.

## State Revenue

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The bill increases state revenue by \$13.5 million in FY 2025-26, \$6.6 million in FY 2026-27, and \$6.8 million in FY 2027-28. Revenue impacts occur in the Bridge and Tunnel Enterprise and the General Fund. The bill reduces General Fund revenue by \$0.3 million in FY 2028-29. Revenue estimates by impact are shown in Table 3 below.

The Low-Emitting Vehicles Exemption reinstatement impacts the General Fund and reduces revenue subject to TABOR, while the Bridge and Tunnel Impact Fee rate change impacts the Bridge and Tunnel Enterprise and increases revenue exempt from TABOR. The Low-Emitting Vehicles Exemption impact is estimated based on recent actual exempted amounts in Colorado. The Bridge and Tunnel Enterprise impact is based on the Department of Transportation's (CDOT) revenue forecast for the enterprise.

**Table 3**  
**State Revenue by Impact**

<b>Impact</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>	<b>Out Year FY 2028-29</b>
Bridge and Tunnel Impact Fee	\$13,971,690	\$7,124,262	\$7,280,788	\$0
Low-Emitting Vehicles Exemption	-\$458,333	-\$500,000	-\$500,000	-\$250,000
<b>Total Revenue</b>	<b>\$13,513,357</b>	<b>\$6,624,262</b>	<b>\$6,780,788</b>	<b>-\$250,000</b>

## State Expenditures

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The bill increases state expenditures within the Department of Revenue by \$3,959 in FY 2025-26 and \$4,067 in FY 2026-27 to make required DRIVES programming changes for the reinstatement of the Low-Emitting Vehicles Exemption. Expenditures will be paid from the DRIVES Cash Fund. The bill does not require programming changes to the Department's GenTax software system. It is assumed that the sales and use tax exemption will be reported on the "Other Exemptions" line of the current sales and use tax return forms.

## TABOR Refunds

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The bill is expected to decrease the amount of state revenue required to be refunded to taxpayers by \$458,333 in FY 2025-26 and \$500,000 in FY 2026-27. 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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The bill will decrease sales and use tax 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 exemptions in the bill would apply to those districts. Therefore, the bill will decrease revenue for RTD and SCFD. Based on the amount of sales and use tax revenue collected in these special districts compared to that for the state, decreased revenue is estimated as shown in Table 4.

**Table 4**  
**Local Government Impacts**

<b>Local Government</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>	<b>Out Year FY 2028-29</b>
RTD	-\$93,098	-\$101,561	-\$101,561	-\$50,781
SCFD	-\$9,336	-\$10,185	-\$10,185	-\$5,092
<b>Total Local Revenue</b>	<b>-\$102,434</b>	<b>-\$111,746</b>	<b>-\$111,746</b>	<b>-\$55,873</b>

## Technical Note

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### Duplicative DRIVES Costs

The fiscal note currently includes a duplicative programming cost for the DOR's DRIVES system, as discussed in the Background and Assumptions section. The duplicate cost would be removed if the bill's effective date were amended to July 1, 2027, when the DRIVES upgrade is complete.

## Effective Date

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

## State Appropriations

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For FY 2025-26, the bill requires and includes an appropriation of \$3,959 to the Department of Revenue from the DRIVES Cash Fund.

## State and Local Government Contacts

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Joint Budget Committee Staff

Personnel

Revenue

State Auditor

Transportation