



Fiscal Impact Statement

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

INITIATIVE 175: STATE REVENUE SUPPORTING ROAD TRANSPORTATION

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Summary Information

Overview. Beginning January 1, 2027, the measure requires state revenue collected to support road transportation to be spent on road transportation.

Types of impacts. The measure is projected to affect the following areas:

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

Disclaimer. This initial fiscal impact statement has been prepared for an initiative approved for petition circulation by the Secretary of State. If the initiative is placed on the ballot, Legislative Council Staff may revise this estimate for the ballot information booklet (Blue Book) if new information becomes available. Any appropriations required to implement this measure will be addressed through the annual or supplemental budget process if this measure is approved by voters.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$0	\$0
State Expenditures	Up to \$1.02 billion	Up to \$2.09 billion
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE

Summary of Measure

This constitutional measure defines road transportation and requires that, beginning January 1, 2027, state revenue collected to support road transportation only be used for road transportation. Functionally, the measure requires all state sales and use tax, excise taxes, and fees on motor vehicles and motor vehicle fuels, as well as two-thirds of state sales and use tax revenue collected on motor vehicle parts and accessories, to be spent on:

- the construction and maintenance of public roads;
- the development and improvement of safety measures for motor vehicles on public roads;
- directly related design, engineering, and management costs required for road transportation; and
- costs of the Colorado State Patrol.

The measure creates a new General Fund revenue obligation towards road transportation and may narrow or alter the allowed uses of certain transit-related revenues.

Background

Under current law, road transportation and other transit-related spending is primarily funded by Highway Users Tax Fund (HUTF) revenue streams, with support from General Fund transfers and other transit-related cash funds and special accounts.

Highway Users Tax Fund

State revenue deposited into the HUTF is allocated between the state, counties, and municipalities after paying off-the-top appropriations to the Department of Public Safety (DPS), the Department of Natural Resources (DNR), and the Department of Revenue (DOR). The allowed uses of HUTF revenue are similar, though not identical, to the definition of road transportation created by the measure.

General Fund

General Fund revenue is subject to appropriation by the state legislature and is not currently budgeted for FY 2026-27 or future years. However, current law requires General Fund transfers to transit-related cash funds¹ in the amount of \$61.0 million in FY 2026-27 and \$110.5 million in FY 2027-28 through FY 2031-32. A portion of the General Fund transfers are to be used for air pollution mitigation efforts, while the rest follows the allowed uses under the State Highway Fund and Multimodal Transportation and Mitigation Options Fund, described below.

¹ Section 24-75-219, C.R.S.

Other Transit-Related Cash Funds and Special Accounts

The **State Highway Fund**² receives revenue from several different federal, state, and local sources, both transit-related and others. State revenue initially collected in the State Highway Fund that may be defined as revenue collected to support road transportation under the measure is estimated at \$25.0 million in FY 2024-25 from special transport permits, the fluoroalkyl fee, nuclear and hazardous material permits, commercial electric vehicle fee, commercial motor vehicle safety fee, construction workers safety, wildlife crossing zone, access permit fees, interest, and miscellaneous fine revenue. After paying for administrative costs within the Department of Transportation (CDOT), the Colorado Transportation Commission allocates the remaining funds for transit-related purposes.

A portion of retail delivery fee revenue is deposited into the **Multimodal Transportation and Mitigation Options Fund** to be used for state and local pedestrian and bicycle infrastructure, transit service enhancements, streetscape and lighting improvements, and other related developments to multimodal transportation. Revenue to the fund totaled \$15.0 million in FY 2024-25 and is managed by the Colorado Transportation Commission within CDOT.

Direct fees on license plates, decals, and tabs are deposited into the **License Plate Cash Fund**,³ which generated \$12.0 million in revenue in FY 2024-25. Revenue in the fund is used by the Motor Vehicle Division within the Department of Revenue to cover the costs of making and providing license plates.

The Peace Officer Standardized Training fee⁴ is a \$1 fee applied to Tax Class A, B, and C motor vehicles at the time of registration and after paying administrative costs is distributed to the Peace Officer Standards and Training (P.O.S.T.) Board, which approves and revokes approval of training programs and training academies. The **P.O.S.T. Board Cash Fund** generated \$5.8 million in FY 2024-25 revenue.

The Emergency Medical Services surcharge⁵ is a \$2 surcharge applied to most motor vehicles at the time of registration and is distributed to the **Emergency Medical Services account** within the Department of Public Health and Environment for grants to local emergency medical and trauma service providers and funding to support improvements to the statewide emergency medical and trauma services system. The account generated \$11.6 million in FY 2024-25.

The Emissions-Statewide and Emissions-Area Air Account fees⁶ are assessed on Tax Class A, B, and C motor vehicles at the time of registration and is distributed to the Department of Public Health and Environment to cover the direct costs of motor vehicle emissions activities. The **Air Account** generated \$9.7 million in FY 2024-25 revenue.

² Section 43-1-219, C.R.S.

³ Section 42-3-301, C.R.S.

⁴ Section 42-3-304 (24), C.R.S.

⁵ Section 42-3-304 (21), C.R.S.

⁶ Section 42-3-304 (18), C.R.S.

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A portion of the annual \$50 electric plug-in vehicles license decal fee⁷ revenue, paid at the time of registration, is deposited into the **Electric Vehicle Grant Fund** which is used by the Colorado Energy Office to provide grants to install charging stations for electric vehicles. Revenue to the fund totaled \$4.3 million in FY 2024-25.

Certain registration-, plate- and driver's license-related fees⁸ are deposited into the **DRIVES fund** to support costs of the state's system for motor vehicle services. The DRIVES fund totaled \$64.0 million in revenue in FY 2024-25.

Certain surcharges and fees applied to motorcycles are collected in the **Motorcycle Operator Safety Training (MOST) fund**⁹ and are used to fund the state's MOST program, providing safety and training courses for motorcycle users. Revenue to the fund totaled \$1.1 million in FY 2024-25.

Assumptions

The projected state expenditures to be impacted by the measure are calculated using the LCS September 2025 forecast. The fiscal impact statement encompasses most transit-related funds as an upper bound for what may be impacted, though all transit-related funds included may not be legally determined to fall under the revenue and expenditure definitions created by the measure. To the extent that road transportation fund usage under current law does not align with the requirements in the measure, impacted programs and agencies will see reduced funding or require a new source of funding to be maintained at the same level as under current law. FY 2026-27 and future years are not currently budgeted; therefore, it is unknown how much of the funds described below would have gone toward road transportation under current law.

State Expenditures

The measure is expected to obligate towards road transportation up to \$1.02 billion in FY 2026-27 and up to \$2.09 billion in FY 2027-28 with similar amounts in future years. The potential impacts are summarized by fund in Table 2 and described in more detail below.

⁷ Section 42-3-304 (25)(a), C.R.S.

⁸ Section 42-1-211 (2)(a), C.R.S.

⁹ Section 43-5-504, C.R.S.

Table 2
Potential Road Transportation Revenue Obligations by Fund

Fund Source	Out Year FY 2026-27	Out Year FY 2027-28
General Fund	\$264.4 million	\$538.9 million
Highway Users Tax Fund	\$670.7 million	\$1,395.0 million
Other Transit-Related Cash Funds	\$81.7 million	\$161.6 million
Total Expenditures	\$1,016.8 million	\$2,089.6 million

General Fund

State Sales and Use Tax on Motor Vehicles, Parts, and Accessories

The measure redirects an estimated \$264.4 million in FY 2026-27 and \$538.9 million in FY 2027-28 with increasing amounts in future years of General Fund revenue to be used for road transportation. This General Fund revenue projection is based off of the historical state sales and use tax revenue from motor vehicles plus two thirds of historical revenue from motor vehicle parts and accessories, trended forward using economic projections from the LCS September 2025 forecast.

Highway Users Tax Fund

The measure is expected to obligate up to \$670.7 million in FY 2026-27 and \$1,395.0 million in FY 2027-28 and future years from the HUTF. Major sources of revenue to the HUTF are shown in Table 3 and discussed below.

Table 3
Highway Users Tax Fund Revenue Streams

HUTF Revenue Streams	FY 2026-27	FY 2027-28
Fuel Excise Taxes	\$318.1 million	\$646.1 million
Road Usage Fees	\$88.4 million	\$201.7 million
Registration & Registration-Related Fees	\$215.3 million	\$443.6 million
Other Taxes and Fees (See Table 4)	\$48.9 million	\$103.6 million
Total HUTF Revenue Streams	\$670.7 million	\$1,395.0 million

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Motor Vehicle Fuel Excise Taxes and Fees

The measure obligates the state's motor vehicle fuel excise tax revenue to be used only for road transportation. Accounting for a half-year impact in the first fiscal year, the measure is projected to obligate Highway Users Tax Fund revenue from motor vehicle fuel taxes, estimated at \$318.1 million in FY 2026-27, \$646.1 million in FY 2027-28, and similar amounts in future years, toward road transportation. Estimates are based on the LCS September 2025 forecast.

The measure is additionally expected to obligate HUTF revenue from road usage fees, estimated at \$88.4 million in FY 2026-27, \$201.7 million in FY 2027-28, and increasing amounts in future years, toward road transportation.

Registration Fees

The measure is expected to obligate HUTF revenue from registration and registration-related fees totaling \$215.3 million in FY 2026-27 and \$443.6 million in FY 2027-28, with comparable amounts in future years, toward road transportation only. This includes standard registration fees, late registration fees, road safety surcharge revenue, short-term registration fees and permits, and other special registration fees for certain classes of vehicles.

Other HUTF Funding Streams

The measure may additionally obligate other HUTF funding streams to be used only on road transportation, including \$48.9 million in FY 2026-27 and \$103.6 million in FY 2027-28 with comparable amounts in future years. Table 4 summarizes these relatively smaller sources of revenue. Miscellaneous HUTF revenues include the passenger-mile tax, identification plate fees, low-power scooter registration fees, revenue from the sales of abandoned vehicles, and any other funds credited to the HUTF.

Table 4
Other Revenue Streams to HUTF

Other HUTF Revenue Streams	FY 2026-27	FY 2027-28
Retail Delivery Fee	\$13.7 million	\$31.2 million
Daily Vehicle Rental Fee	\$22.0 million	\$45.6 million
Supplement. Oversize/Overweight Fee	\$0.7 million	\$1.5 million
Interest	\$1.9 million	\$3.7 million
Court, DUI, and DWAI Fines	\$4.9 million	\$10.0 million
Miscellaneous	\$5.8 million	\$11.6 million
Other Taxes and Fees	\$48.9 million	\$103.6 million

Other Transit-Related Cash Funds and Special Accounts

The measure may also obligate other transit-related revenue streams to be used only toward road transportation. Table 5 below outlines the transit-related cash funds whose revenue streams may be obligated towards road transportation under the measure. More information on the revenue streams can be found in the background section above.

Table 5
Other Transit-Related Cash Funds and Special Accounts

Cash Fund	FY 2026-27	FY 2027-28
State Highway Fund	\$13.6 million	\$26 million
License Plate Cash Fund	\$6.6 million	\$12.5 million
P.O.S.T. Board Cash Fund	\$3.2 million	\$6 million
MOST Fund	\$0.6 million	\$1.1 million
Air Account	\$5.3 million	\$10.1 million
Emergency Medical Services Account	\$6.3 million	\$12.1 million
Law Enforcement Assistance Fund	\$0.6 million	\$1.2 million
DRIVES Fund	\$35 million	\$66.7 million
MMOF	\$8.2 million	\$15.6 million
Electric Vehicle Grant Fund	\$2.3 million	\$4.5 million
Total HUTF Revenue Streams	\$81.7 million	\$155.8 million

Local Government

The measure is expected to increase state government revenue distributions to county and municipal governments by \$138.2 million in FY 2026-27 and \$277.4 million in FY 2027-28 with similar amounts in future years. Of those amounts, \$58.2 million is expected to go to municipalities and \$80.0 million to counties in FY 2026-27, and \$116.8 million is expected to go to municipalities and \$160.6 million to counties in FY 2027-28. The measure additionally prevents local governments from using road transportation revenue collected and distributed by the state on projects not permitted under this measure.

Effective Date

If approved by voters at the 2026 general election, this measure takes effect on January 1, 2027.

State and Local Government Contacts

Transportation	Behavioral Health Administration	Colorado Energy Office
Local Affairs	Natural Resources	Public Health and Environment
Public Safety	Revenue	

Changes from Fiscal Summary

This estimate is about \$8.8 million lower than the fiscal summary estimate as a result of a smaller set of State Highway Fund revenue streams and other transit-related cash funds expected to be impacted, which are only partially offset by the addition of the Electric Vehicle Grant Fund as a revenue stream that may be impacted by the measure.