



House Bill 17-1242

Official City Position

Approved by Westminster City Council on March 17, 2017

HB 17-1242 (Rep. Duran and Mitsch Bush, Sen. Baumgardner and Grantham): Concerning transportation funding.

Official City Position: **SUPPORT**

Status: **Active** – Scheduled for first hearing in House Transportation & Energy Committee on March 22, 2017.

Description:

House Bill 17-1242 directs the State to submit a ballot question to be placed on the November 2017 ballot enacting a 0.62% sales tax to fund transportation needs. This tax will sun set after 20 years. The ballot question would permit the Colorado Department of Transportation (CDOT) to bond for as much as \$3.5 billion to pay for transportation projects which are part of their strategic planning priorities. The additional money above the debt service will go to local jurisdictions and a new multimodal pot of funds.

City Comments:

The City of Westminster wholeheartedly agrees with the legislative declaration of House Bill 17-1242, which states that:

It is critical to construct, improve, and maintain transportation infrastructure throughout the state in order to meet the demands created by both current and future statewide economic expansion and population growth... Current sources of dedicated transportation funding are not generating enough revenue to fund current and future transportation infrastructure needs throughout the state.

While the City is very concerned that a solely sales tax-based revenue stream impinges on the sales tax base of municipalities like Westminster, we understand this is the most likely way to create a dedicated funding source for transportation. The state sales tax increase will affect all Colorado jurisdictions.

This measure will increase sales tax rates across the state, and it will bring the sales tax rates in Westminster to 9.22% in Adams County and 8.97% in Jefferson County. This could impact potential future efforts to increase sales and use tax rates within the City. That said, the City sees the importance of a statewide approach to find solutions to this larger issue.

The City would benefit directly from the revenue collected from the new sales tax. After CDOT receives the first \$300 million per year to repay bonds, 70% of the remaining revenue will go to municipalities and counties in equal total amounts, and allocated according to existing statutory formulas used to allocate highway users tax fund money.

The local share of funding statewide is estimated at \$8 billion over 20 years. Local governments may receive double the amount currently allocated by the state. Local governments will have the flexibility to use funds as they choose for transportation needs including capital projects, maintenance, and operations.

The remaining 30% of the revenue will establish a new multimodal options fund with a board appointed by the Governor to direct funds to projects. The multimodal options fund requires a 1:1 local match from jurisdictions receiving the funds and could be a source of funding to meet Westminster's mobility needs.

The future growth in revenue from the new sales tax will go entirely to the local share and the multimodal options fund, whereas CDOT's portion is capped at \$300 million. The City would also benefit indirectly through CDOT's investment of their share of the revenues in statewide infrastructure, specifically through investment on the I-25 and I-70 corridors.