

Colorado Budget Protection Act - Concerning Adjustments to Transportation Funding

Colorado has made meaningful investments in transportation over the past decade, generating more than \$470 million each year in new funding for our roads, bridges, and transit – with the majority of that funding going to roads and bridges. There is more to be done, but not at the expense of critical services that Coloradans rely on, including schools and health care. Initiative 175 threatens to gut core services for Coloradans, pushing us backward to the days of a budget stabilization factor, driving up costs for Coloradans, and increasing tuition costs for Colorado students. We refuse to sit idly by while the services Coloradans rely on most are put in jeopardy. This bill takes steps to offset the harmful impacts of Initiative 175 if passed, taking into account the challenging budget environment.

Initiative 175 would divert more than \$700 million in state funds exclusively to roads, forcing the state to drastically cut funding for early childhood education, K-12 education, higher education, and healthcare, leading to harmful impacts on the services Coloradans rely on most. Initiative 175 could also gut cash funds, including defunding all of the DMV, the Peace Officer Standards and Training cash fund, Emergency Medical Services cash fund, and alcohol/Drug Driving Safety cash fund, and many more.

The entire state is facing a budget shortfall, and while transportation funding needs are always present, the legislature must make difficult choices to balance the budget. **Taking from education and health care to fund roads is not the answer.** This bill will reduce GF expenditures and GF transfers that would be backfilled with Initiative 175 funds and cut fees in order to offset the impacts of Initiative 175, averting drastic cuts to our other state priorities and critical services.

Specifically, the Colorado Budget Protection Act (CBPA) reduces the:

- \$100 million GF expenditure on SB17-267 debt service and \$100 million GF transfers to the State Highway Fund, both of which are backfilled with Initiative 175 funds
- Gas Tax to 14 cents from 22 cents, Special Fuel Tax to 13 cents from 20.5 cents
- Road Usage Fee from 6 cents to 4 cents and certain registration fees by approximately 38%

The Road Usage Fee will be updated annually to offset the amount of General Fund money diverted to transportation uses by Initiative 175. These taxes and fees would revert back after three years. In a TABOR surplus environment, this will reduce the amount of cash fund revenue subject to TABOR, pushing less General Fund above the cap to be refunded and allowing it to be spent within the State.

Colorado is making progress on road conditions and more funding shouldn't come at the expense of critical services like health care and education. The state has made historic investments through SB21-260 and other measures, which are making a real difference, including:

- Improving more than 2,500 miles of rural roads since 2021, including commitments in CDOT's 10-Year Plan, resulting in more than 800 lane miles improved through 40 different 10-Year Plan projects
- Significant additional investments in improving poor interstate pavement condition, resulting in the reduction of the proportion of interstate miles in poor condition from 3.9% to less than 2% over the last three years.

More transportation funding could advance additional needed work, but would be a zero-sum game with other vital services. This situation is entirely avoidable if Initiative 175 does not go to the ballot. However, this bill will maintain transportation funding at its current level while not defunding critically important healthcare and education services in the event Initiative 175 passes.

