

# Perspectives

## TRANSPORTATION OPPORTUNITIES UNDER AMENDMENT C

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Perspectives examine critical issues in transportation finance. Editor David Pampu can be reached through the Website.

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The split decision by the voters on November 1 leads one to wonder whether all the time, effort and money supporting Amendments C and D were worth it. What does Colorado's transportation system gain without the \$1.2 billion in bond revenue Amendment D would have provided? Do the voters support improvements to the highway system?

Clearly, the election results can provide significant revenue to transportation projects that would not have been available without the passage of Amendment C. Voters said **yes** to pay-as-you-go and **no** to borrowing. Post election polls show this. The election results merely reinstate a long standing tradition in Colorado to use current revenues, rather than borrowed money to improve our roads and bridges. Transportation remains at the top of the public agenda.

Passage of Referendum C provides opportunities to generate revenue for our transportation system. As Bob Ewgen of the Denver Post has noted, "...two existing laws, Senate Bill 1 of 1997 and House Bill 1310 of 2002 will automatically generate new transportation funds as rising state revenues pass certain legally specified 'triggers.' House Speaker Andrew Romanoff estimates those laws will generate at least \$111 million in new money for transportation next year." (In March the Office of State Planning and Budgeting estimated this figure at nearly \$218 million). Without the passage of Referendum C, these revenues would not have been generated.

The role that the transportation industry played in the campaign bodes well for the future. The industry must now focus on the General Assembly and work diligently to insure that the provisions of SB 1 and HB 1310 are honored and that transportation needs are vigorously articulated. The industry must now play a political role in helping to insure that highway and bridge projects receive priority consideration in the legislature's budgeting process. This will not be easy. The fiscal structure that funds Colorado transportation needs help – lots of help. So what is the problem?

Colorado's user pay system, primarily the Highway Users Trust Fund (HUTF), supported by state motor fuel taxes and fees, is expected to remain flat at a 1% or less growth. Revenue into the HUTF has slowed dramatically due to the fuel efficiency of vehicles, increased use of ethanol and increasing gasoline prices. The Colorado 22 cents per gallon motor fuels tax has not been raised since 1990, and 1 cent only raises \$22 million annually. The 18 cents per gallon federal gas tax was last raised in 1993. Neither fuel tax rate is indexed for inflation therefore the buying power of the tax generated for transportation has devalued over time. It is projected that the federal highway trust fund will go bankrupt in 2009 if the federal motor fuel tax is not increased or another mechanism found to increase revenues to the trust fund. Economic conditions dictate that transportation dollars will continue to be scarce despite legislation supplementing transportation revenues from the General Fund (SB 97-1 and HB 02-1310). The future viability of Colorado's transportation system necessitates that existing transportation revenue mechanisms must be protected. New revenue will be required from fiscal reform, alternative revenue sources, tolling, and leveraged public resources.

**Perspective:** The passage of Referendum C will help restore some of the past and future cuts that would have resulted from the fiscal impacts of the economic decline, facilitating the state's economic recovery. An intense industry effort in the Colorado General Assembly will be required to maximize new transportation revenues. The fiscal structure of transportation funding in Colorado needs to be strengthened, and we need to spread the word that our economic growth and vitality are at risk without a better fiscal structure and new revenues for our transportation system. Fighting to win Ref C for transportation was the first step. Step 2 is to help our leaders and the public understand the problem, the risks and the opportunities in our future.