


Perspectives

THE ECONOMY AND THE HUTF

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

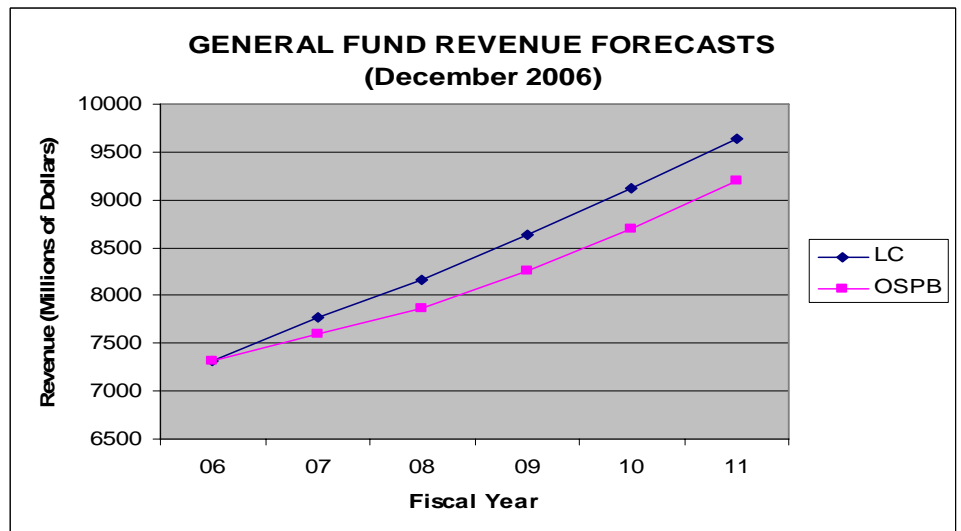
MoveColorado also publishes in-depth white papers that examine these issues in greater detail.

MoveColorado is a private industry organization that provides information, sponsors education programs, and supports the efforts of Colorado community, business and political leaders to solve transportation funding issues.

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In recent years revenues available to supplement the motor fuel taxes in the Highway Users Tax Fund (HUTF) have come from the State General Fund through statutes known as SB 97-1 and HB 02-1310. These laws provide for the diversion of 10.355% of sales and use tax revenue when available revenues are sufficient to maintain the four percent statutory reserve requirement (SB 97-1) and two-thirds of the amount in excess of the four percent reserve (HB 02-1310).

Since the bulk of General Fund revenues are derived from the income and sales taxes, supplemental HUTF revenues are highly dependent on the economy. If the economy slows and revenues don't grow sufficiently to surpass the state's Byzantine fiscal requirements, extra revenues don't flow to the HUTF. Such a situation is clearly apparent in the latest forecasts from the Legislative Council (LC) staff and the Office of State Planning and Budgeting (OSPB).



As the chart shows, both organizations are forecasting gross General Fund revenue growth through FY2011. LC, however, forecasts nearly 4.2% more revenue in the five years FY07 to FY11. Given the state's complex fiscal requirements, the higher growth anticipated by LC is critical to supplementing the HUTF. If LC forecasts hold true, a total of nearly **\$1.3 billion** will flow to transportation under SB 97-1 and an additional **\$618.9 million** through HB 02-1310. This compares to **\$386.2 million** and **zero**, respectively, using the OSPB forecasts.

The message to be derived from these forecasts is that, while the moneys resulting from SB 97-1 and HB 02-1310 are critical to meeting our transportation needs, they are highly dependent on the economy and aren't continuing and reliable. Since these supplemental dollars are derived statutorily, the General Assembly can, and has, diverted some of the money to other uses. In the context of our current needs, these dollars help meet transportation needs that have been deferred, so the erosion of these dollars pushes Colorado backward, particularly in maintenance and rehabilitation of the system. While we struggle to maintain, we need to look ahead as growth continues in our state.

Perspective: To sustain a well maintained and effective transportation system in Colorado requires a continuing, reliable and growing revenue stream. New revenues that grow with system needs, demand and inflation must be enacted.