

HI 3.1/F49/1970

a guidebook on
highway funding



COLORADO DIVISION OF HIGHWAYS

YOUR HIGHWAY TAXES AT WORK



FEDERAL HIGHWAY
TRUST FUNDS

STATE HIGHWAY
FUNDS

U.S. DEPT. OF COMMERCE
BUREAU OF PUBLIC ROADS

DEPT. OF HIGHWAYS
STATE OF COLORADO

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STATE DEPARTMENT OF HIGHWAYS
DIVISION OF HIGHWAYS
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Denver, Colorado 80222

DOH-GHF-70

FOREWORD

The field of highway financing is unique: those who use the facilities are the ones who foot the bill. This is true on the almost 9,000 miles of the Colorado state highway system, which is planned, built, maintained, and improved by the Colorado Highway Division.

City streets and county roads not on the state highway system are underwritten in varying degrees by the highway user, though the user funds are supplemented by general tax levies in many cases.

Under current Colorado and federal laws money collected from the various highway-related taxes are earmarked for some form of highway usage. The process of converting dollars to roads in accordance with these laws is an intricate and often a lengthy one. It is the subject of this booklet.

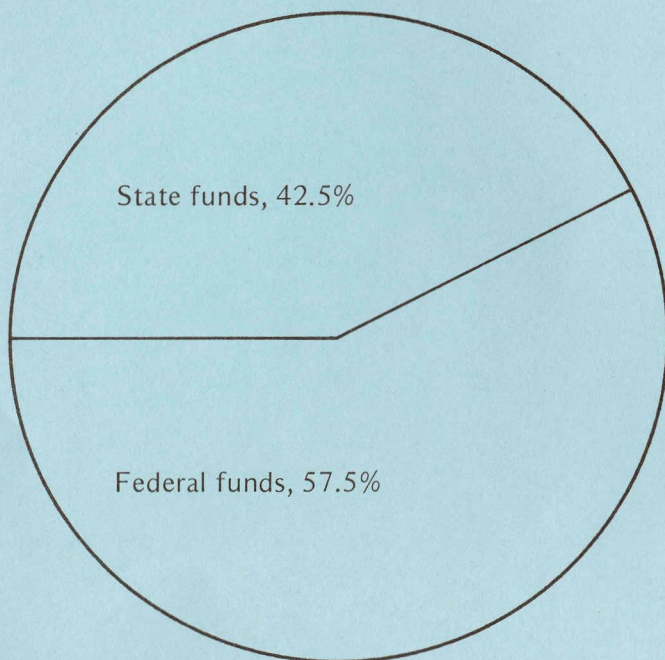
WHERE THE MONEY COMES FROM

The Colorado Division of Highways is financed from two principal sources: the state highway user tax fund and the federal highway trust fund. In rare cases there will be federal aid from outside the trust fund, but these are exceptional enough to be omitted here.

State taxes include levies on motor fuel, truck ton-mile, bus passenger-mile, various license and registration fees, traffic fines and penalties, etc.

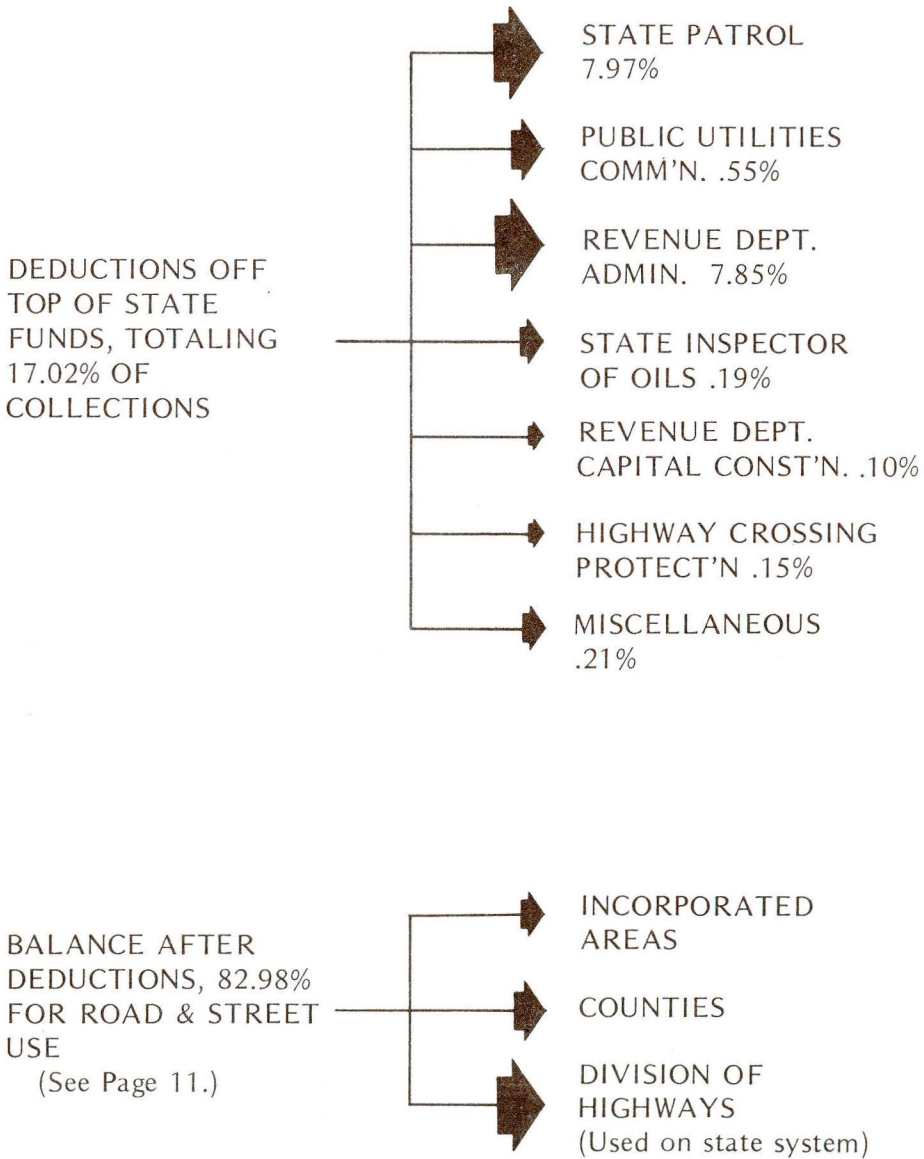
Federal taxes include levies on: motor fuel; new trucks, buses, and trailers; vehicle tires and tubes; heavy vehicle use; parts and accessories; and lubricating oils.

The following division of state and federal funding for use by the Division of Highways on the state highway system and its administration does not include moneys paid to the counties and municipalities for use on their own systems. The figures are based on income anticipated for the 1970-1971 fiscal year. They refer to the over-all budget, not merely construction.



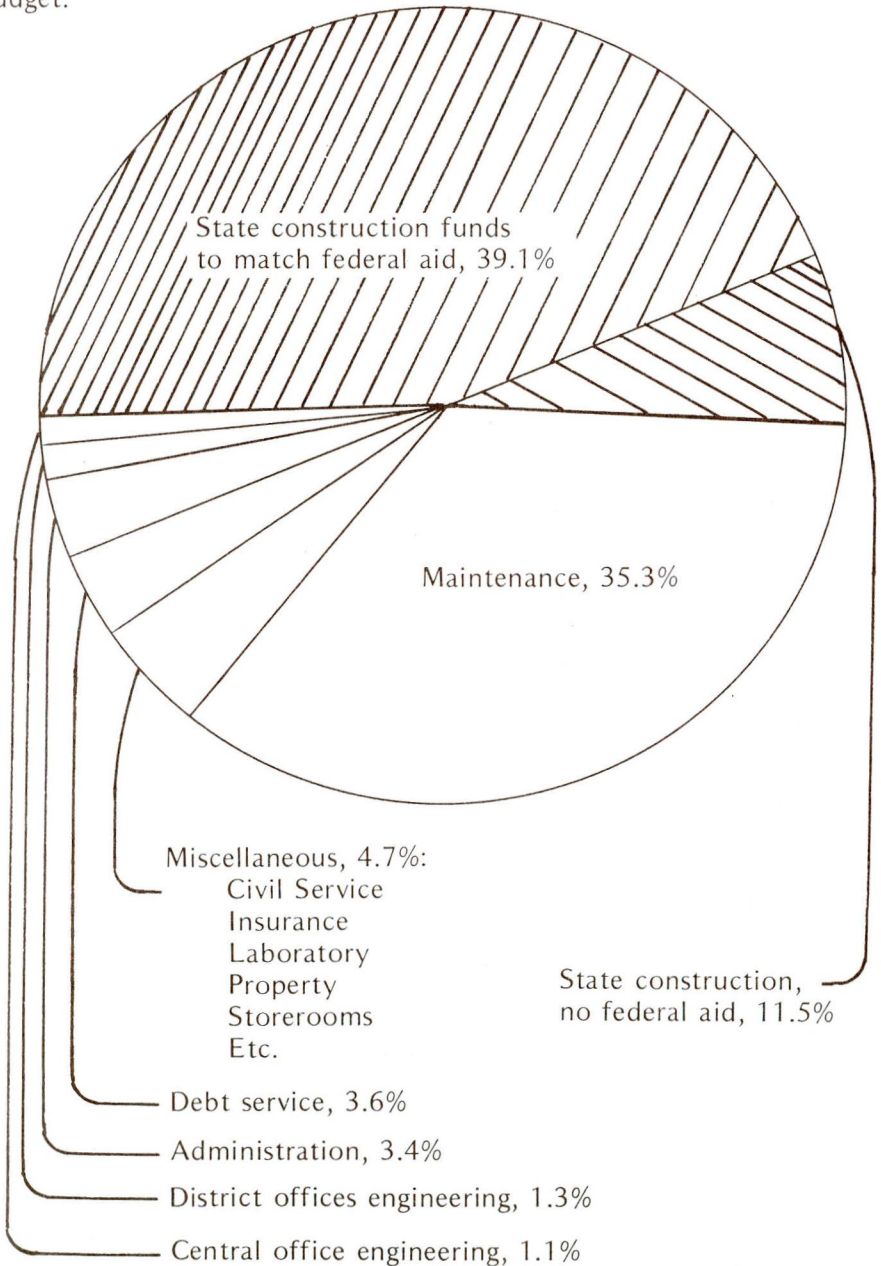
WHERE THE MONEY IS USED

Distribution of state highway user tax fund in a typical fiscal year.



WHERE THE MONEY IS USED (continued)

The following is the distribution of the Colorado Highway Division's share of funds from state sources, as anticipated in the 1970-71 budget.



FEDERAL-STATE PARTNERSHIP



Highway
Program

State & Federal
Government

Since 1916, construction of the state highway system in Colorado has been dependent in varying degrees on federal aid. Most recently, the federal support has been 90 percent for interstate highways and 50 percent for primary and secondary. In addition to matching these funds, the state expends a small percent of the Colorado highway user fund on roads that have no federal aid status. Maintenance operations are not federally supported.

Under this partnership, the impetus for improvements on the state highway system is with the state, which proposes, and the federal government consults and reviews. Federal functions are carried on principally by the Federal Highway Administration (FHWA), an agency of the U.S. Department of Transportation. The FHWA has absorbed the personnel and the work of the Bureau of Public Roads: weighing each expenditure of federal aid against a growing collection of laws and regulations on which the aid is conditional.

The bulk of these funds are expended upon highways that are on the basic state highway system. However, there is a recent exception, the TOPICS program, which is used to increase the capacity and safety of city streets, not all of which are on the basic system. Federal aid is 50 percent.

A number of the 50 states are called "donors," since the federal highway taxes collected within their borders exceed the federal aid given the states in question. Colorado is not a donor state.

BEFORE CONSTRUCTION STARTS

Other Requirements

Right of Way Procedure

Governor approves budget. Various local, county, state, and federal agencies notified of project.
Program sent Federal Highway Administration (FHWA)
FHWA approves program, authorizes location studies.
(Agreement for engineering services to FHWA if consulting firm is to be used.)
(FHWA approves agreement), location studies start.
Notice published for public corridor hearing.
Alternate location data provided.
Corridor public hearing.
Hearing transcript, location report, and other related documents to FHWA.
Notice published concerning request for location and preliminary design approval.
Regional planning group approves project.
Secretary of transportation (U.S.) approves project if public park land is involved. Then FHWA approves location and preliminary design.
Notice published regarding FHWA approval of location and preliminary design.
Preliminary overpass layout to railroad.
Notice published for design public hearing.
Railroad approves overpass layout.
Draft of agreement to railroad.
Preliminary design data provided.
Design public hearing.

Hearing transcript, design report, and request for final design approval to FHWA.
Notice published regarding request for final design approval.
FHWA authorizes final design.
Notice published regarding FHWA approval of final design.

Railroad approves draft overpass agreement.

Railroad agreement to FHWA.
Receive estimate of additional cost from railroad, transmit to FHWA.
FHWA approves railroad agreement and force account estimate.
Final agreement to railroad for approval.

Completed construction plans to FHWA.

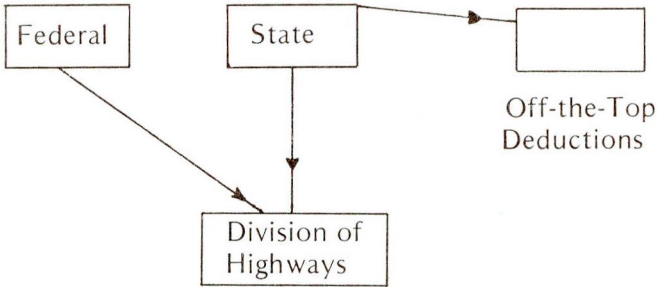
Right of way section begins ROW plan preparation.

ROW plans completed. Request to FHWA for authority to appraise. Authorization to appraise received.
Appraisals started.
Application to Bureau of Land Management for vacant public lands.

Staff ROW completes check of plans and legal description of property to be purchased.

Relocation study completed, request to FHWA for authorization to acquire property and relocate.
FHWA gives authorization to acquire property and relocate persons or businesses affected.
Appraisal review started.
Appraisals complete.
Bureau Land Management grant received.
Appraisal review completed.
Negotiations with land owners begin.
Final letters sent to property owners on land parcels involving relocation.
Occupants given 90 days to vacate.
Negotiations completed with most land owners.
(Occasional condemnation proceedings.)
End of 90-day notice period. FHWA clears project for advertising for bids.

THE FLOW OF FUNDS



The State Department of Revenue supervises collection of the various taxes that go into the state highway user fund, and transmits them to the State Treasurer's Office for distribution (Page 11).

The Division of Highways makes a monthly payment from state funds to private contractors who do the construction work on the state highway system, for work accomplished on the jobs. Then the Federal Highway Administration reimburses the Division of Highways for the federal share of the monthly estimate. Federal funds thus are turned over to the states as construction progresses.

Federal tax money accumulates in Washington from the various revenue sources. Based on an estimate of future revenue, Congress makes an appropriation in a lump sum for the 50 states, Puerto Rico, and the District of Columbia.

From this appropriation, the Department of Transportation (DOT) apportions (divides) the available funds among the states, territory, and district (Colorado's share is about one percent) and announces the amount generally about a year in advance of the time the states will be committing their share to contract.

Division of Highways' commitment of funds for any period, in construction contracts, right of way, etc., is based on this apportionment. Once the state commits money to a project, the federal funding is assured and earmarked for it.

THE CITIES' AND COUNTIES' SHARE

The bottom chart on Page 5 deals with the partition of state highway user taxes after the various deductions are made from the fund. From the net amount remaining, the state treasurer deposits 65 percent in an account to be used as needed by the Division of Highways.

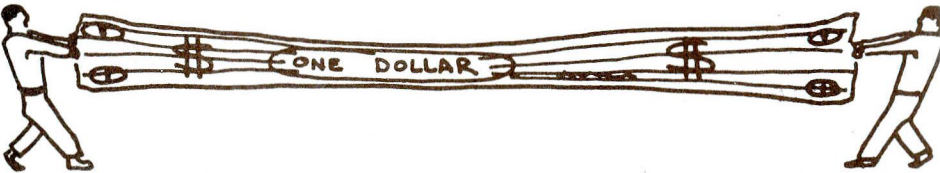
The treasurer divides 26 percent of the net among the counties for highway and street purposes, and distributes the remaining nine percent among the incorporated cities and towns.

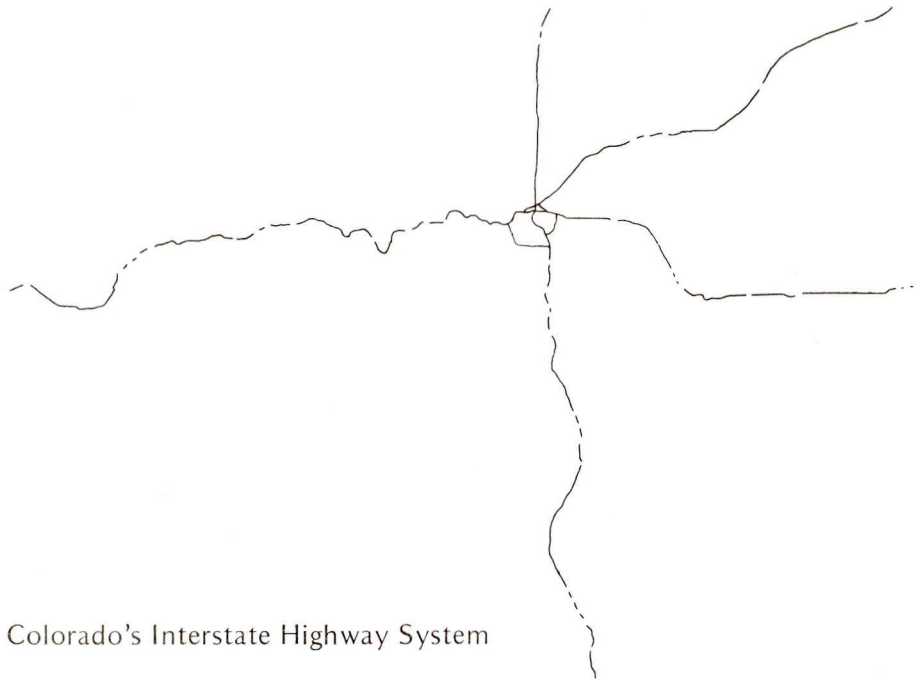
This formula was set by law in 1965, and has been the subject of legislative committee study on various occasions since. Earlier versions since 1953 had assigned different percentages to the three levels of government. But regardless how the state funds are divided, none of the governmental entities concerned has been able to keep up with the demand for roads.

Of the 26 percent distributed to the counties, 80 percent of each's share is based on road mileage that is weighted to favor the mountainous counties, and 20 percent on vehicle registrations.

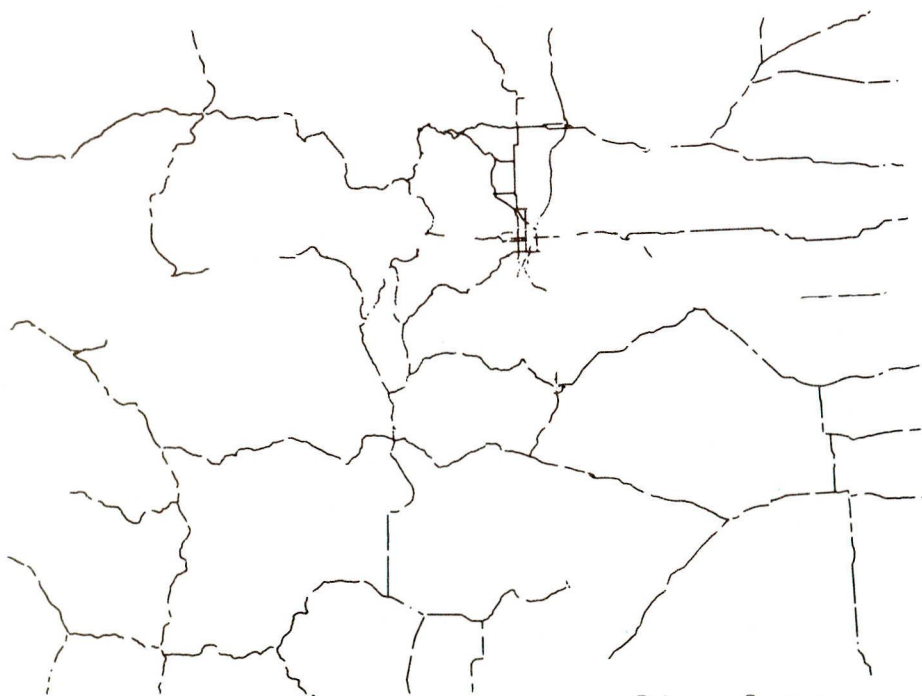
Of the nine percent divided among the incorporated areas, 80 percent of the share of each is based on number of motor vehicles registered with a weighting factor that favors the more populous localities, and 20 percent on mileage of streets.

Both counties and cities supplement their state road funds with local tax levies.

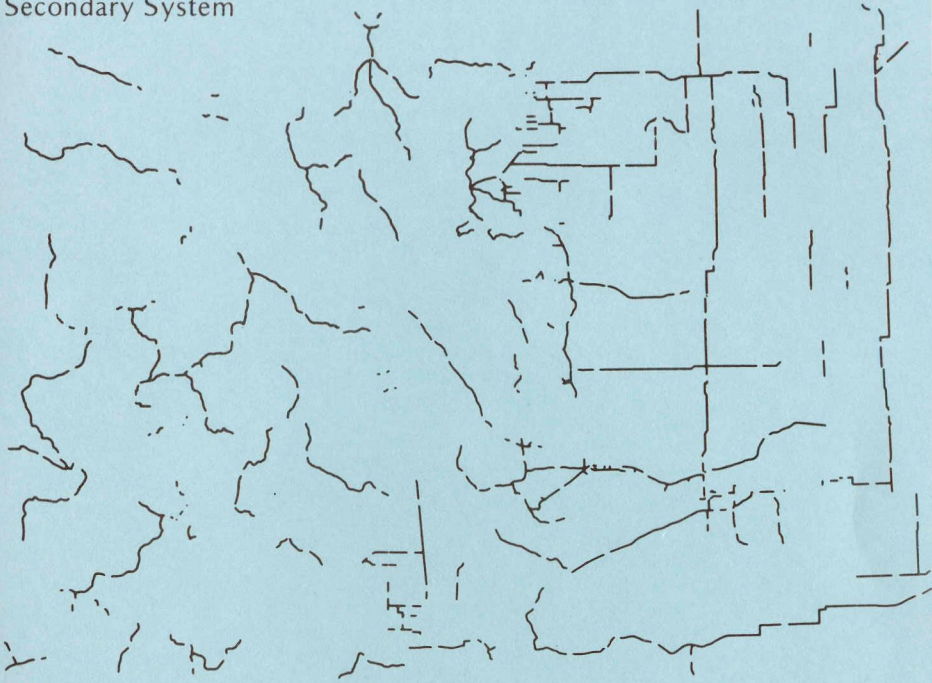




Colorado's Interstate Highway System



Primary System



THE SYSTEMS

You noted previously that several categories of highways under state jurisdiction are eligible for federal aid in varying amounts, plus some additional mileage of city streets, the latter under the TOPICS program.

The interstate will comprise about 975 miles on completion. It links the 48 contiguous states, the 3637 miles of primaries are most of the other important trunk routes in the state, and offer service to adjacent states as well.

Secondaries are feeder roads, farm-to-market, mine-to-market, community service, etc., 4241 miles in all. In municipalities of 5000 and over, there may be urban extensions of primary and secondary routes.

According to state law, the state highway system is comprised of these categories, plus up to five percent of their total mileage. The latter is not eligible for federal aid funds.

FEDERAL AID FORMULAS

The amount of federal aid to any given state for its interstate system is based on need.

There are three criteria for federal aid on the primary highways, each accounting for a third of the funds allotted: the ratio of a state's area as compared to the total area of all the states, the ratio to that of the total U.S. population, and the ratio of its mileage of rural delivery and star mail routes to the national total.

Federal aid for secondary highways is allotted on the same basis, except that only rural population is considered along with the area and post road mileage.

For urban extensions of primary and secondary highways federal aid funds are divided among the states on the basis of urban population: the ratio of the state's total of residents in towns and cities of 5,000 or more population to the national total of such residents.

The above-listed are the principal categories of federal aid to the states, all deriving from the federal highway trust fund. Roads through public lands and U.S. forests are occasionally financed from the U.S. Treasury, rather than the trust fund, and there are other exceptions from time to time.

Among the conditions attached to federal aid is one involving projects in cities whose population is 50,000 or more. Here, there must be a planning group representing the cities and counties involved, as well as the state, to advise and approve on proposed highway construction.

Pages 8 and 9 show some of the various other endorsements necessary before a highway plan becomes a reality.



