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HIGHWAY USERS TAX FUND

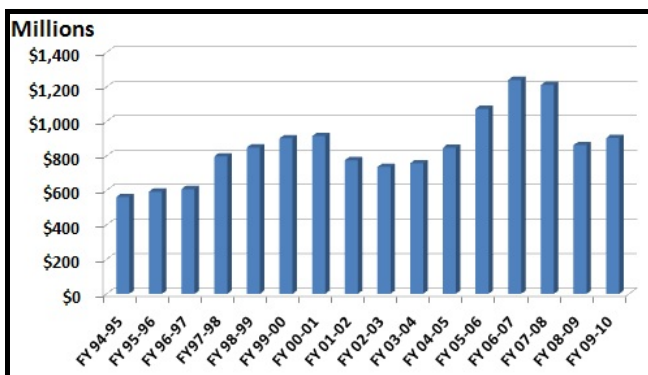
by Kurtis Morrison

In 1935, the Colorado Constitution was amended, providing that revenue generated with respect to the operation of vehicles on Colorado public highways be "used exclusively for the construction, maintenance, and supervision of the public highways of this state." The provision specifically applies to revenue generated by license fees, registration fees, and fuel taxes.¹ In 1953, the General Assembly established the Highway Users Tax Fund (HUTF) to support transportation infrastructure. Today, it is the chief fund for dispensing monies to the state and local governments to support transportation projects throughout the state.

Revenue

HUTF revenue for FY 2009-10 amounted to approximately \$904 million — an increase of 4.8 percent over the previous fiscal year. Chart 1 provides an historical summary of HUTF revenue.

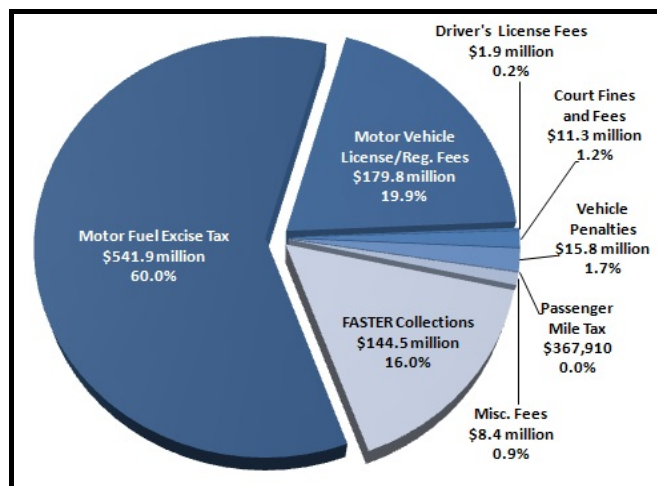
Chart 1.
History of HUTF Total Revenue



Source: Colorado Department of the Treasury

Revenue sources. Fuel taxes account for the largest source of HUTF revenue — approximately 60 percent in FY 2009-10. Other sources include taxes, fees, and fines, such as: vehicle registration fees; passenger mile taxes; driver's license and permit fees; commercial driver's license fees; tag and certificate fees; daily vehicle rental fees; late vehicle registration fees; temporary plate fees; license plate fees; special license plate fees; and various fines and penalty fees for traffic infractions. Chart 2 provides a summary of total revenue, and sources, credited to the HUTF in FY 2009-10.

Chart 2.
HUTF Revenue Sources, FY 2009-10



Source: Colorado Department of the Treasury

Senate Bill 09-108 revenue. In 2009, the General Assembly enacted Senate Bill 09-108 to address state transportation funding sources and mechanisms. Specific to the HUTF, the bill establishes and increases multiple vehicle-related fees, that are credited to the fund. Table 1 provides a summary of SB 09-108 fees deposited in the HUTF, and the total revenue raised per fee

¹ Article X, Section 18, Colorado Constitution.

during FY 2009-10. Legislation passed in 2010 modified some SB 09-108 fees, which will impact FY 2010-11 HUTF revenue.

Table 1.
SB 09-108 Fees Credited to the HUTF*
FY 2009-10

Fee	Total Revenue
Road Safety Surcharge	\$98.7 million
Late Registration Fees	\$25.4 million
Daily Rental Fee	\$19.4 million
Overweight/Overweight Surcharge	\$1.0 million
Total HUTF SB 09-108 Revenue	\$144.5 million

Source: Colorado Department of the Treasury

*Only includes HUTF revenue: bridge safety surcharge and \$10 of late registration fees retained by county clerks are not reflected.

Fund accounts. The HUTF houses multiple special accounts, including the Emergency Medical Services Account, AIR Account (Automobile Inspection and Readjustment program), Colorado State Titling and Registration (CSTAR) Account, Identification Security Fund (enhancing security of driver's license and ID cards), Driver's License Administrative Revocation Account, First Time Drunk Driving Offender Account, Motorist Insurance Identification Account, and Highway Construction Workers Safety Account. Most accounts are restricted, in which state law prescribes authorized expenditures for account monies. For example, state law directs CSTAR Account revenue to support development and operation of the Colorado State Titling and Registration System. As such, CSTAR Account revenue is not subject to HUTF formula distributions to the state, counties, and municipalities to support transportation projects.

Expenditures

State law requires that HUTF funds be expended on projects that support the state highway system, county highways, city streets, and other public roads, specifically by: acquisition of rights of way, construction, engineering, safety, reconstruction,

improvement, repair, maintenance, and administration.² HUTF funds are apportioned monthly by the Department of the Treasury, based upon tax collection estimates provided by the Department of Revenue (DOR). The following sections provide a summary of chief HUTF expenditures and formula apportionments.

"Off-the-top" appropriations. Under state law, the General Assembly may appropriate HUTF funds prior to formula distributions to fund the Department of Public Safety (DPS) Colorado State Patrol (CSP), and the DOR ports-of-entry.³ The off-the-top appropriation has a statutory cap of 6 percent over the previous fiscal year's off-the-top funding. In FY 2009-10, \$114.9 million in "off-the-top" appropriations were provided to the CSP and DOR.⁴

Formula distributions. State law provides that HUTF formula distributions be credited to the State Highway Fund, and county and municipal governments according to the following formula distributions.

- Revenue generated by fines, penalties, driver's license fees, titling fees, plate fees, and the excise tax on gasoline and special fuel (up to 7 cents per gallon) is credited: 65 percent to the State Highway Fund; 26 percent to county governments; and 9 percent to municipal governments.
- Revenue generated by the road safety surcharge, late registration fees, oversize/overweight fees, vehicle rental fees, and excise taxes on gasoline and special fuel (above 7 cents per gallon) is distributed at: 60 percent to the State Highway Fund; 22 percent to county governments; and 18 percent to municipal governments.⁵

² Section 43-4-204, C.R.S.

³ Under House Bill 10-1113, authority for the administration of the ports-of-entry transferred from the DOR to the Colorado State Patrol, effective August 15, 2010.

⁴ Section 43-4-201, C.R.S.

⁵ Section 43-4-205, C.R.S.