



Metro Mayors Caucus
Wednesday, February 3
7:30 am – 10:00 am
Board Room - Denver Metro Chamber of Commerce
1445 Market Street – 4th Floor

Breakfast Provided by the City of Arvada

AGENDA

- 7:30 AM Welcome & New Mayor Introductions**
- 7:50 AM Legislative Updates**
- **Simplified Sales Tax**
 - *Geoff Wilson, CML*
 - **SCFD – SB 16**
 - *Dan Hopkins, SCFD Chairman*
 - **OOAH**
 - *Mayor Adam Paul, Lakewood*
 - **Tax Increment Finance Clean-up**
 - *Mayor Cathy Noon, Centennial*
- 8:30 AM High Five – Olde Town Arvada**
 - *Mayor Marc Williams, Arvada*
- 8:40 AM Break**
- 8:55 AM Statewide Transportation Polling**
 - *Tony Milo, Colorado Contractors Assoc. & Bill Ray, WR Communications*
 - *Response Panel:*
 - *Herman Stockinger, CDOT*
 - *Miz Cordero, Denver Metro Chamber of Commerce*
 - *Will Toor, Southwest Energy Efficiency Project*
- 10:00 AM Adjourn**

POLITICS

Colorado's road problems collide at Capitol

Gas or sales tax hikes join the debate

By John Frank
The Denver Post
The Denver Post

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Traffic in Denver. Potholes in Colorado Springs. Unplowed roads on the Eastern Plains.
Highway closures in the mountains. Gridlock on Interstate 25 north.

The state's transportation problems all collide in one place: the Capitol. And the impact is pushing the perennial issue of state transportation funding to the top of the 2016 legislative to-do list.

Gov. John Hickenlooper and lawmakers are mostly united this session in a mission to find more money for road building and maintenance, but what is less universal is the solution.

Democrats and Republicans are moving in opposite directions and struggling to reach consensus on how to find more money — an impasse that is complicated by a state budget crunch.

Half of Colorado's \$1.28 billion transportation budget is spent on maintaining existing roads, **according to state officials**, which leaves little room for expansion projects demanded by a booming population. Colorado Department of Transportation officials estimate that revenues fall short of demand by about \$1 billion a year.

The magnitude of the situation is even **renewing interest** in options once deemed off-limits, such as an increase in motor vehicle fees or a sales or gas tax hike. Another proposal is a \$3.5 billion debt package for road bonds.

"Everywhere I go ... I hear people complaining about transportation, whether it be condition of roads or congestion. Where I am hearing less consensus is how it gets paid for," said Shailen Bhatt, the state's transportation chief. "It's kind of like the Republican (presidential) primary: There are so many different alternatives, how does support coalesce around any one?"

Governor's solution

Hickenlooper is pushing his own solution — a move to exempt **the hospital provider fee** from the TABOR revenue limits, a much-contested idea that would open more room for spending on roads and other priorities areas.

"We need to invest now to ease congestion and mobility for today and tomorrow," Hickenlooper told lawmakers in **his State of the State address**, adding that it is "a challenge that will only get more daunting as each day passes."

All the options are strenuous political lifts in an election year. But the fresh attention reflects a shift in public sentiment about the condition of the roads in Colorado.

"People are noticing, all of a sudden, that there are a gazillion cars on the road," said state Rep. Max Tyler, a Lakewood Democrat and transportation committee chairman.

A 2015 poll conducted for the Colorado Contractors Association put transportation at the top of voters' list of priorities, on par with public education.

The influential and conservative-leaning Club 20 civic organization on the Western Slope even **recently endorsed** an increase in the state's 22-cent gas tax, which remains unchanged from 1992.

Since 2013, 17 states — including Republican-dominated neighbors Wyoming, Utah and Nebraska — increased their gas taxes, **according to** the Denver-based National Conference of State Legislatures. Colorado's combined state-federal rate is 40.4 cents. Only 13 states have a lower rate, according to the American Petroleum Institute.

"Just in the span of a year, the willingness to look at a gas tax (hike) has changed significantly, from something that used to be a nonstarter to something that people are at least willing to debate," said Sen. Kerry Donovan, D-Vail.

Still, a tax hike faces opposition at the Capitol. Republican leaders argue that the shortfall in transportation money doesn't justify such a move.

"It's a spending problem on the state and a priority problem," said Rep. Jon Becker, a Fort Morgan Republican who sits on the transportation committee.

"The hard part is that we are going to be bumping transportation into K-12 and higher education because they all need dollars," he continued. "And at this point in time, you don't want to harm one for another. So you are going to have to find some budget savings in order to

get these things paid for."

Republicans — **and outside groups** — are preparing to push another measure or ballot question to promote transportation bonds as a way to raise money for roads. But Democrats and the Hickenlooper administration — which **blocked the legislation** a year ago — say it won't work unless there is a new revenue stream to pay back the debt.

"I think what Colorado should do is pay for roads, much like other states," said Bhatt, the CDOT executive director. "Whether it's a sales tax or a gas tax — just fund roads."

The bulk of the CDOT budget, about \$780 million, is federal and state gas taxes, which the agency argues are no longer adequate given fuel-efficiency improvements.

For years, the General Assembly augmented the tax dollars with more spending, but all recent methods proved controversial.

Before 2009, the state imposed a **6 percent limit on growth** in discretionary general fund spending and directed any money above the cap to roads and construction. The system put \$1.2 billion into transportation from 2005 through 2007. But it limited spending on other priorities, such as education and health care, and left transportation suffering in an economic downturn.

The Democratic majority led **an effort in 2009** with Senate Bill 228 to remove the growth limit and rewrite the transportation formula. Under **the current law**, when the state's personal income growth hit 5 percent, the state would transfer up to \$200 million a year for five years to road and transit projects. Colorado met the trigger in 2014, but the law included a catch: If the state issued refunds under the Taxpayer's Bill of Rights, the Senate Bill 228 transfers to transportation faced being cut in half or eliminated.

Right now, **legislative economists expect** the state to transfer \$200 million to transportation in the current budget year but just \$106 million in fiscal 2016-17 and nothing the following year because of possible TABOR refunds.

The legislative budget committee is considering changes to make the law more simple and predictable, although it may not satisfy transportation advocates.

Frustration

"This is a bipartisan frustration with the way 228 works," said Sen. Kent Lambert, a Colorado Springs Republican and lead budget writer. "Depending on very small fluctuations in setting triggers, it can throw next year's budget out of balance. And you never know when to fix it."

The governor's budget proposal to shift the hospital provider fee to an enterprise fund would allow for more state spending on transportation through the 228 law. But Republicans **point to a legal memo** that questions its constitutionality.

To add to the pressure on lawmakers, the road-building industry is preparing to force their hand.

A coalition of organizations, led by the Colorado Contractors Association, is developing a potential ballot measure for November to create a dedicated money flow for transportation.

The early concept, which supporters say polls well among 2016 voters, would increase the state sales tax in exchange for a cut in the gas tax and the guarantee that new money is earmarked for road improvements.

"I think the public is ready to do something to invest in improving the safety of our roads and improving their commute," said Tony Milo, the association's executive director. "If nothing happens, if we are not able to get anything through the legislature, we are also prepared to go collect signatures and take something to the ballot."

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By the numbers

49.3 billion

Total vehicle miles traveled in 2015

23,000

Total miles of lanes in Colorado

3,454

Total number of bridges in Colorado

\$69

Per capita spending on transportation in 2015, compared with \$126 in 1991

32nd

The state's national ranking in terms of pavement condition

Source: Colorado Department of Transportation

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