Funding Options for the Interregional Connectivity Study for High Speed Intercity Passenger Rail (HSIPR) in Colorado

Executive Summary

Introduction and Objective

The Colorado Department of Transportation (CDOT) Department of Transit and Rail is evaluating the feasibility of High Speed Intercity Passenger Rail (HSIPR), and considering Advanced Guideway System (AGS) technologies to improve statewide interregional connectivity. The project study area includes alignments from Denver International Airport to Eagle County Airport (140 miles from east to west) and from Fort Collins to Pueblo (160 miles from north to south). Project costs are anticipated to range from $50 to $100 million per mile resulting in a potential program cost from $16 billion to $33 billion. Depending on timing, the cost of money and the ultimate cost per mile, the annual capital requirement could range from $1.0 to $2.5 billion per year, assuming full program construction.

It is anticipated, however, that the project would be phased in a series of Minimum Operational Segments (MOS). It is also anticipated that 50% of the capital cost would be in the form of federal grants, thus halving the local capital requirement. How much money must be generated locally and what is a reasonable MOS? For example, assuming that a minimum best first project is likely from $1 billion to $3 billion in 2013 dollars, the capital recovery (the annual payment on the bonds also referred to as the capital recovery factor)[1] will range between just under 6% to around 8% of the loan value, depending on the interest rate assumed. For a project of $1 billion, assuming a 50% federal grant, the citizens of Colorado would need to fund $500 million at a cost of $35 to $40 million per year over a 30 year period. A $3 billion project would be three times this amount and so forth.

The purpose of this white paper is to determine what types of new funding sources, such as user fees and taxes, are needed to generate this additional revenue. **It is not anticipated that these sources would all be implemented or that they might be implemented at the levels evaluated. Rather the intent of this white paper is to reveal the possible major funding sources that could be considered.**

[1] For example, assuming an interest rate of 4%, the capital recovery factor, A/P, is 5.78%; for 6% interest, the factor is 7.26% and for 8% interest the factor is 8.88 %.

Colorado State Budget

Colorado's entire state budget totaled approximately $25.5 billion in Fiscal Year (FY) 2010-2011. The General Fund portion of the budget ($8 billion) is funded primarily from income and sales taxes and supports the core operations of the state government. Cash Funds ($8.9 billion) are typically earmarked for specific programs which are related to the revenue source. Federal Grants and Contracts ($8.4 billion) are tied to specific programs such as Medicaid.

Colorado Department of Transportation

The Department of Transportation budget was approximately $1.3 billion in FY 2010-2011. CDOT receives no General Fund revenues from the state government.

Revenues - The majority of CDOT revenues are generated from the following sources:

- *Highway Users Tax Fund (HUTF)* – is the state's motor fuels tax and a major ongoing source of revenue for CDOT. CDOT received approximately $404.9 million from this source in FY 2010-2011.
- *Federal Funds* – President Obama signed MAP-21, the Moving Ahead for Progress in the 21st Century Act into law on July 6, 2012, which authorizes funds to be expended from the (HTF) Highway Trust Fund (motor fuels and truck related excise taxes) for transportation. Colorado's share in FY 2011 was estimated at $526.3 million.
- *American Recovery and Reinvestment Act (ARRA)* –Passed in 2009 as an economic stimulus measure, ARRA directed $46.5 billion towards transportation related improvements. Colorado received $550 million. The majority of the resulting projects have been completed. ARRA also established the Transportation Investment Generating Economic Recovery (TIGER) which has also funded recent transportation improvements.
- *Senate Bill 09-108 (FASTER)* - Signed into Colorado law in 2009, FASTER, which is the Funding Advancement for Surface Transportation & Economic Recovery, raises money for bridge reconstruction, highway safety projects and transit primarily through an increase in vehicle-registration fees. FASTER is anticipated to generate approximately $292 million per year to 2035 with a minimum of $15 million for transit.
- *Senate Bill 09-228* - In 2009 the legislature passed Senate Bill 09-228 which established methods to transfer money to transportation, capital construction, and the statutory reserve. CDOT does not anticipate funds being made available for transportation under this new law until at least FY 2013 -2014.

Investments - The Colorado Department of Transportation has developed a funding decision-making process based on investment categories and goals. Projects and programs fall in the following categories.

- *Safety* - Projects and programs to reduce fatalities, injuries and property damage
- *System Quality* - Activities, projects and programs to maintain physical function and aesthetics
- *Mobility* –Projects, services and programs to enhance the movement of people, goods and information
- *Program Delivery*– Functions that enable the delivery of CDOT's programs, projects and services
- *Strategic Projects(Debt Service)* - High-priority, statewide projects

Funding Sources

2011 revenues either currently or potentially appropriate for transportation needs in the counties and jurisdictions which would most directly benefit from HSIPR include revenues collected for motor fuel taxes, vehicle registrations, state sales taxes, state income taxes, property taxes, and state lottery profits. Although total receipts were significant at over $7 billion, all sources are currently used for a wide variety of either general government services or specific programs. State income taxes and state sales taxes generated the greatest revenues.

Future Revenue Sources for HSIPR

In order to begin identifying major funding sources for HSIPR, an analysis of potential sources was undertaken, assuming an increase or change in current revenues collected in the counties and municipalities in the study area. This is not to suggest that the sources evaluated will be implemented. There are significant political, operational, and other hurdles and considerations that must be taken into account. However, it begins to suggest the possible funding sources that could be considered and the potential magnitude of revenue potentials. They are summarized as follows:

Sources	***Increase / Change***	***Revenues Generated***
User Fees		
Farebox Revenues	-- to be determined --	-- to be determined --
Motor Fuel Purchase Tax Increase	$.25 per gallon	$446.9 million
VMT Fees	$.01 per mile	$392.9 million
Increase in Vehicle Registration Fees	$100 per vehicle	$391.3 million
Utility Fees	$15 per month per household	$293.6 million
General Revenues		
Increased State Sales Tax	1%	$571.9 million
Increased State Property Tax	4 mills	$200.1 million
Increased State Income Tax	1%	$1,044.1 million
Lodging Tax	1% of current statewide lodging spending	$26.5 million
Change in Lottery Tax Allocation	Reallocation of 10% of lottery program profits	$11.3 million
Value Capture Mechanisms		
Development Fee	$10,000 per residential unit and 1% fee on the value of commercial development	$169.4 million
Total		**$3,548.0 million**

Funding Options for the Interregional Connectivity Study for High Speed Intercity Passenger Rail (HSIPR) in Colorado – Draft

1. Introduction and Objective

What is this project about?

The CDOT Department of Transit and Rail is evaluating the feasibility of High Speed Intercity Passenger Rail (HSIPR), and considering Advanced Guideway System (AGS) technologies, to improve statewide interregional connectivity. The project study area includes alignments from Denver International Airport to Eagle County Airport, approximately 140 miles in the east-west direction and from Fort Collins to Pueblo, about 160 miles, in the north-south direction. Project costs are anticipated to range from $50 to $100 million per mile resulting in a potential program cost from a low of $16 billion to a high of $33 billion. Depending on timing, the cost of money and the ultimate cost per mile, the annual capital requirement could range from $1.0 to $2.5 billion per year, assuming the full program was to be constructed.

However, it is anticipated that the project would be phased in a series of Minimum Operational Segments (MOS) to better match potential revenues with capital requirements. Further, it is also anticipated that fifty percent of the capital cost would be received in the form of federal grants, thus halving the local capital requirement. So how much money must be generated locally? There have been some discussions on what constitutes a reasonable MOS. Our ICS study process is determining a best first project as this white paper is being prepared. For the purposes of example, we can assume that a minimum project is likely from $1 billion to $3 billion in 2013 dollars. The selection of the MOS will be based on benefit/cost analysis, public support and other factors such as potential environmental impacts. In general, what is called the capital recovery (in essence the annual payment on the bonds also referred as the capital recovery factor)[2] will range between just under 6 percent to around 8 percent of the loan value, depending on the interest rate assumed. For a project of $1 billion, assuming a 50 percent federal grant, the citizens of Colorado would need to fund $500 million at a cost of $35 to $40 million per year over a 30 year period. A $3 billion project would be three times this amount and so forth.

Purpose of this White Paper

The purpose of this white paper is to determine what types of new funding sources, such as user fees and taxes, are needed to generate this additional revenue. It is recognized that many of the funding sources overlap. For instance a gas tax or mileage-based tax might be implemented, but not both: two different approaches for the same thing. Neither is it anticipated that all of these sources would be implemented, nor that they might be implemented at the levels evaluated. Rather the intent of this white paper is to reveal the possible major funding sources that could be considered.

[2] For example, assuming an interest rate of 4%, the capital recovery factor, A/P, is 5.78 percent; for 6% interest, the factor is 7.26% and for 8% interest the factor is 8.88 percent.

2. State of the State

Colorado's entire state budget totaled approximately $25.5 billion in FY 2010-2011. Revenues are divided into the following broad categories and include:

- General Fund: The General Fund which supports the core operations of the state government is approximately $8 billion and is funded primarily from income and sales taxes.
- Cash Funds: Other state taxes, fees, and fines flow into special purpose "cash funds" outside of the General Fund. Money collected from motor-fuel taxes for the Highway Users Tax Fund, for example, goes into the "cash fund" to pay for transportation projects. These funds totaled approximately $8.9 billion in FY 2010-2011.
- Federal Grants and Contracts: Significant funds come from the federal government ($8.4 billion in FY 2010-2011), although most of it is tied to specific programs such as Medicaid.

2.1 General Fund Revenues

General Funds are those funds the state receives from general tax revenues, such as the state sales and income taxes, and can be used to pay for any state program or operation. It is, in many ways, the least restrictive of the state's funding categories, and therefore, the most competitive.

General Fund Revenues primarily come from individual income and sales taxes.

CATEGORY	FY 2010-2011 ($Millions)
Sales and Use	$2,293.8
Excise Taxes	$93.9
Other Taxes	$198.1
Other Revenue	$36.9
Income Taxes	$5,515.3
GENERAL FUND REVENUES	**$8,138.0**

Source: State of Colorado Legislative Council

2.2 Cash Fund

Cash Funds are separate funds received from taxes, fees and fines that are earmarked for specific programs and are typically related to the identified revenue source. Funds typically pay for the programs for which the revenues are collected. Examples include the Hospital Provider Fee, the Highway Users Tax Fund, the Wildlife Cash Fund and funds for Higher Education tuition. Other revenues include the Severance Tax (mining), gaming revenue, and unemployment insurance related revenues. In FY 2010-2011, total cash funds equaled an estimated $8.9 billion with transportation-related funding equaling approximately $1.2 billion.

CATEGORY	**FY 2010-2011 ($Millions)**
Transportation-Related	$1,213.70
Resource Extraction	$234.20
Hospital Provider Fee	$586.50
Limited Gaming	$104.80
Higher Education	$3,397.00
Workers Compensation	$26.50
Unemployment Insurance	$410.20
State Lottery	$504.00
Other	$2,469.60
TOTAL CASH FUNDS	**$8,946.50**

Source: State of Colorado Legislative Council

Transportation-related cash revenue can be further broken down as follows:

Transportation-Related Funds (subject to TABOR)	**FY 2010-2011 ($Millions)**
Highway Users Tax Fund (HUTF)	
Motor Fuel and Special Fuel Taxes	$557.2
Registrations	$322.1
Registrations	*$185.0*
Road Safety Surcharge	*$114.5*
Late Registration Fees	*$22.7*
Other HUTF	$57.6
Total HUTF	**$936.9**
State Highway Fund	$42.6
Other Transportation	$103.2
Aviation Fund	*$36.2*
Law Enforcement	*$11.0*
Registration	*$56.0*
Total Transportation Funds (subject to TABOR)	**$1,082.7**
Other TABOR-Exempt Transportation Funds (FASTER)	$71.0
Other Transportation	$60.0
TOTAL CASH FUND TRANSPORTATION REVENUES	**$1,213.7**

Source: Focus Colorado: Economic and Revenue Forecast
Colorado Legislative Council Staff, Economics Section, March 19, 2012

2.3 Federal Grants and Contracts

The state also receives funds from the federal government, originally collected from taxpayers, including grants for social, educational, and environmental purposes which funds both direct state expenditures and pass-through assistance to local governments. These funds are exempt from the TABOR revenue limit. These funds must be spent as the federal government requires. In FY 2010-2011, Transportation received approximately $641.5 million under this category. Total Federal government grants and contracts equaled $8.4 billion.

CATEGORY	**FY 2010-2011 ($Millions)**
Corrections	$5.3
Education	$617.9
Higher Education	$1,333.0
Human Services	$1,498.7
Judicial	$10.1
Health Care Policy and Financing	$2,532.1
Transportation	$641.5
Labor	$1,027.4
Other	$722.4
Total	**$8,388.4**

Source: State of Colorado Legislative Council

2.4 Description of Expenditures and Priorities by Department

The following table shows the expenditures by department for FY 2010-2011. Although the expenditure information is divided into General, Cash, Federal, and Transfers categories, its categories are tracked somewhat differently than the revenues described above so cannot be directly compared. The "Transfer" category represents all of the revenue that one department gets in the form of transfers from other departments. For example, if state agencies use a portion of the funds appropriated to them to purchase legal services from the Department of Law (Attorney General's office), this revenue would be identified as "transferred". Health Care Policy and Planning, and Education have the largest budgets at $4.8 billion and $4.5 billion respectively.

2.4.1 Agriculture

The Department of Agriculture works "to strengthen and advance Colorado's agriculture industry; ensure a safe, high quality, and sustainable food supply; and protects consumers, the environment, and natural resources." It has seven divisions including Animal Industry, Brands, Colorado State Fair, Conservation Services, Inspection and Consumer Services, Markets and Plants. Its FY 2010-2011 expenditures were $21 billion. There were 103 employees.

Expenditures by Department 2010-2011 ($ millions)					
	General	Cash	Federal	Transfers	Total

Agriculture	$5	$27	$6	-$2	$36
Corrections	$665	$93	$3	-$12	$750
Education	$2,963	$3,535	$888	-$2,899	$4,486
Governor	$11	$183	$360	-$20	$534
Health Care Policy and Planning	$1,271	$1,435	$2,804	-$689	$4,822
Higher Education	$718	$3,208	$499	-$288	$4,137
Human Services	$627	$291	$1,537	-$24	$2,431
Judicial	$325	$270	$10	-$78	$527
Labor and Employment	$0	$910	$1,464	-$55	$2,320
Law	$9	$41	$2	-$5	$47
Legislature	$32	$3	$0	-$2	$33
Local Affairs	$11	$268	$86	-$102	$262
Military and Veteran Affairs	$8	$11	$28	-$4	$43
Natural Resources	$26	$420	$41	-$176	$311
Personnel and Administration	$8	$430	$0	-$9	$430
Public Health and Environment	$27	$193	$260	-$65	$416
Public Safety	$82	$133	$38	-$10	$242
Regulatory Agencies	$2	$72	$2	-$11	$65
Revenue	$177	$752	$2	-$273	$658
State	$0	$19	$1	$0	$20
Transportation	$1	$770	$695	-$175	$1,290
Treasury	$6	$1,669	$164	-$1,423	$416
Transfers Not Appropriated By Dept	$304	$15	$0	-$319	$0
Total	**$7,278**	**$14,746**	**$8,893**	**-$6,641**	**$24,277**

Source: State Taxpayer Accountability Report (STAR) FY 2010-2011, State Controller's Office

2.4.2 Corrections

With expenditures of approximately $750 million in FY 2010-2011, the Department operates 21 state-owned correctional facilities, employs 6,200 persons, houses and supervises 22,610 offenders and supervises 8,483 parolees. Until recently the Department of Corrections budget represented one of the fastest-growing portions of Colorado's General Fund corresponding with a huge increase in the number of inmates and parolees. Since FY 2006-2007, however, the state inmate population growth has slowed corresponding to a national decrease in the number of people incarcerated.

2.4.3 Education

The department provides leadership, resources, and support for the state's 178 school districts, 1,600 schools, and over 130,000 educators for the state's 840,000 public school students. Its expenditures were approximately $4.5 billion with nearly 500 employees in FY 2010-2011. The funding of public elementary and secondary schools has long been the largest single line-item appropriation in the states' General Fund budget.

2.4.4 Governor

In addition to the administrative offices supporting the Governor, the office includes the Governor's Energy Office, the Lieutenant Governor's office, the Office of State Planning and Budgeting, the Office of Economic Development and International Trade, and the Office of Information Technology. Its expenditures of $534 million supported 990 employees in FY 2010-2011.

2.4.5 Health Care Policy and Financing

Responsible for administering the Medicaid program, the State Child Health Insurance program and a number of other programs, the department has been hard hit by additional cases, mostly Medicaid low-income children and adults due to an increase in the state population, and continued high unemployment. In FY 2010-2011, there were 271 employees and expenditures of $4.8 billion. The state's Medicaid expenditures have grown greatly over the last twenty years and are expected to grow exponentially in the near future driven by demographics, economic conditions, and health care costs. Approximately 553,000 Coloradans or 10.5% of the state's population were enrolled in FY 2010-2011.

2.4.6 Higher Education

The department serves as the central administrative and coordinating agency for higher education in the state with over 160,000 students in 28 public institutions, 3 vocational schools, 330 occupational schools and over 100 private degree authorizing institutions. In FY 2010-2011, it expended $4.1 billion and employed 21,500 persons.

2.4.7 Human Services

With about 5,000 employees and expenditures of $2.4 billion in FY 2010-2011, the department serves the most vulnerable population including struggling families, those who need safe and affordable child care, at risk children, those who need help with mental illness or substance abuse issues; and families who need assistance with caring for their veteran parents.

2.4.8 Judicial

The department interprets and administers the law through the courts in civil and criminal cases. The four primary courts in Colorado are the County Courts, District Courts, the Court of Appeals, and the Supreme Court. The department spent approximately $527 million in FY 2010-2011 and employed 4,100 persons.

2.4.9 Labor and Employment

With $2.3 billion in expenditures and 985 employees in FY 2010-2011, the department is responsible for a variety of regulatory functions related to employment, labor, and worker safety. It also administers the Unemployment Insurance program as well as various workforce programs and has seen elevated demand for both as a result of the recession. The state borrowed approximately $450 million from the federal government to pay unemployment benefits and is investigating options to paying back these loans.

2.4.10 Law

The department is the office of the Attorney General. Its departments include Consumer Protection, Criminal Justice, State Services, Business & Licensing, Civil Litigation and Employment, Natural Resources, and Administration. It employed over 450 attorneys and other staff with expenditures of approximately $47 million in FY 2010-2011.

2.4.11 Legislature

The office supports the legislative body, the Colorado General Assembly, made up of two houses, the House of Representatives and the Senate. It expended $33 million and employed 270 persons in FY 2010-2011.

2.4.12 Local Affairs

The department is the state agency link between the state and local communities. It provides training, technical assistance and financial support to local communities and leaders. It had expenditures of approximately $262 million and employed 190 persons in FY 2010-2011.

2.4.13 Military and Veterans Affairs

The office provides assistance and protection in the event of emergencies and disasters, assists Colorado veterans, and houses the state's Civil Air Patrol. Its budget of $43 million employed 1,385 persons in FY 2010-2011.

2.4.14 Natural Resources

The mission of the department is to "develop, preserve and enhance Colorado's natural resources…." The department is responsible for the management of the water, land, wildlife, minerals, energy/geology/oil and gas, state trust lands, and outdoor recreational resources. Its budget of $311 million employed 1,470 persons in FY 2010-2011.

2.4.15 Personnel and Administration

The office provides centralized administrative services to state agencies including personnel administration, insurance, management and oversight of state purchasing, administrative law judge services, development of statewide compensation and operating expense policies, and statewide central services such as travel, mail, data entry, facility maintenance, fleet operations, etc. It expended $430 million with 395 employees in FY 2010-2011.

2.4.16 Public Health and Environment

The department's mission is to "protect and improve the health of Colorado's people and the quality of its environment." Its Environmental Division oversees air pollution, water quality, and hazardous materials while its Health Division focuses on broad disease control, and health prevention programs and measures. The department's expenditures in FY 2010-2011 were $416 million with 1,290 employees.

2.4.17 Public Safety

The department promotes, maintains and enhances public safety. Its divisions include the Colorado State Patrol, the Colorado Bureau of Investigation, the Division of Criminal Justice, the Division of Fire Prevention and Control, and the Division of Homeland Security and Emergency Management. Its expenditures of $242 million in FY 2010-2011 employed 1,370 persons.

2.4.18 Regulatory Agencies

The department is the consumer protection agency for the state. It regulates state-chartered financial institutions, public utilities, insurance providers, professional occupations, and enforces civil rights laws. It expended $65 million in FY 2010-2011 and employed 590 persons.

2.4.19 Revenue

The department is responsible for the collection of revenues, issuing licenses, and overseeing the state's vehicle registrations, enforcing size and weight limits on Colorado's highways, and regulating the liquor, tobacco, gaming, racing, auto and medical marijuana industries. In FY 2010-2011, department expenditures were $658 million. There were nearly 1,300 employees.

2.4.20 State

The Secretary of State provides for the licensing of businesses, and oversees, monitors, and administers the electoral process in the state of Colorado. Its FY 2010-2011 expenditures of $20 million were funded through revenue from business filings.

2.4.21 Transportation

CDOT plans for, constructs, operates, and maintains the state transportation system including state highways and bridges. In FY 2010-2011, the department spent $1.3 billion and employed 3,140 persons. The department receives no general fund appropriations from the state.

2.4.22 Treasury

The department provides banking, investment, and accounting services for all funds and assets deposited in the State Treasury. It works to optimize cash flows and maximizes yields on state investments. Its expenditures of $416 million employed 31 persons in FY 2010-2011.

3. Colorado Department of Transportation

3.1 CDOT Revenues

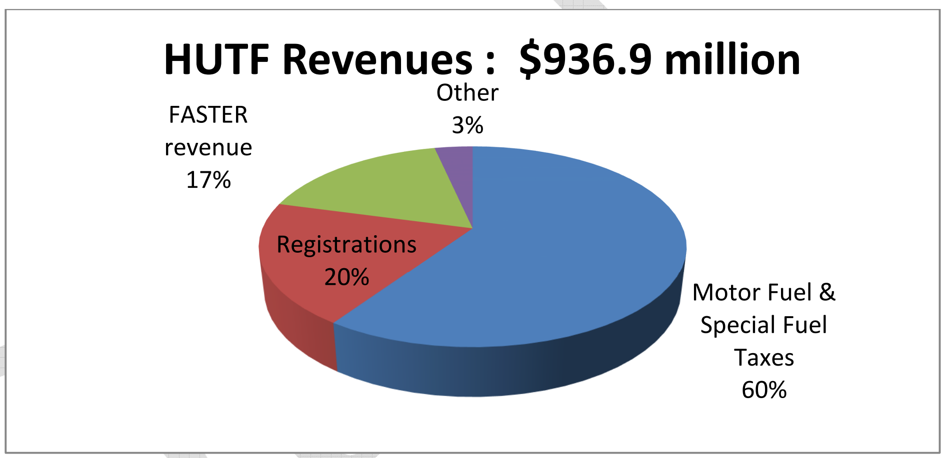
The Colorado Department of Transportation's (CDOT) revenue is derived from the state Highway Users Tax Fund (HUTF), federal funds including the Highway Trust Fund (HTF), fees generated from vehicle registrations including those generated by SB 09-108 *(FASTER),* increased flexibility in the use of state revenues (SB 09-228), gaming funds, and capital construction funds according to CDOT's Elected Officials Guide to the Colorado Department of Transportation.

CDOT revenues in Fiscal Year 2010-2011 totaled over $1 billion with the majority of funding generated from the following sources:

- State HUTF
- Federal Funds
- American Recovery and Reinvestment Act (ARRA)
- Senate Bill 09-108 (FASTER)
- Other State Revenues
- Repealed / Previous Sources

3.2 State HUTF

The Colorado Highway Users Tax Fund (HUTF) is the major ongoing source of revenue for CDOT. In FY 2010-2011, preliminary actuals for HUTF were estimated at $936.9 million, primarily from the state's motor fuel tax, which is 22 cents per gallon of gasoline and 20.5 cents per gallon of diesel fuel.



Source: Elected Officials Guide to the Department of Transportation and Focus Colorado (Colorado Legislative Council)

The General Assembly appropriates money "off the top" from HUTF and allocates it to other programs such as Ports of Entry, the Division of Motor Vehicles, and the Department of Public Safety. The remaining dollars are distributed to CDOT, counties and municipalities.

CDOT received an estimated $404.9 million from HUTF in FY 2010-2011. HUTF funds are also distributed to the counties and municipalities within the ICS study area. In FY 2010-2011, study area counties received approximately $106.9 million while cities received $82.6 million. Denver and Broomfield distributions are counted in County totals. They are divided as follows:

County	HUTF Distributions FY 2010-2011
Adams	$7,851,861
Arapahoe	$7,885,490
Boulder	$5,430,619
Broomfield	$1,736,828
Clear Creek	$854,219
Denver	$24,514,212
Douglas	$6,852,398
Eagle	$2,085,725
El Paso	$11,220,419
Gilpin	$601,126
Jefferson	$12,865,752
Larimer	$7,508,817
Pueblo	$4,532,915
Summit	$1,086,243
Teller	$2,194,085
Weld	$9,696,161
County Totals	**$106,916,868**

Source: Colorado Department of the Treasury

City	HUTF Distributed FY 2010-2011	City	HUTF Distributed FY 2010-2011
Arvada	$3,817,073	Green Mountain Falls	$27,093
Ault	$45,347	Greenwood Village	$530,443

Aurora	$10,153,265	Grover	$10,366
Avon	$186,608	Gypsum	$230,466
Basalt	$115,878	Hudson	$71,542
Bennett	$67,968	Idaho Springs	$63,782
Berthoud	$195,584	Jamestown	$10,827
Black Hawk	$12,833	Johnstown	$338,729
Blue River	$40,326	Keenesburg	$42,658
Boone	$12,123	Kersey	$44,247
Boulder	$2,426,940	La Salle	$60,322
Bow Mar	$33,408	Lafayette	$720,494
Breckenridge	$251,569	Lakeside	$2,241
Brighton	$840,832	Lakewood	$4,765,327
Broomfield	in County totals	Larkspur	$12,424
Calhan	$30,088	Littleton	$1,297,994
Castle Pines North	$266,111	Lochbuie	$150,629
Castle Rock	$1,436,209	Lonetree	$292,070
Centennial	$4,327,053	Longmont	$2,641,270
Central City	$49,272	Louisville	$594,621
Cherry Hills Village	$241,501	Loveland	$2,484,181
Coal Creek	$15,066	Lyons	$59,942
Colorado Springs	$16,503,601	Manitou Springs	$152,484
Colmbine Valley	$44,442	Mead	$161,418
Commerce City	$1,440,257	Milliken	$205,837
Cripple Creek	$49,345	Minturn	$39,972
Dacono	$163,009	Monument	$177,627
Deer Trail	$31,968	Morrison	$10,134
Denver	in County totals	Mountain View	$10,816
Dillon	$97,323	Nederland	$52,874
Eagle	$207,585	Northglenn	$963,988
Eaton	$158,465	Nunn	$26,167
Edgewater	$106,884	Palmer Lake	$91,303
Empire	$11,635	Parker	$1,221,280
Englewood	$923,177	Pierce	$35,335
Erie	$611,710	Platteville	$107,766
Estes Park	$264,676	Ramah	$8,666
Evans	$521,604	Raymer	$9,195
	HUTF Distributed		**HUTF Distributed**
City	**FY 2010-2011**	**City**	**FY 2010-2011**
Federal Heights	$221,782	Red Cliff	$10,549
Firestone	$338,709	Severance	$104,254
Fort Collins	$4,370,376	Sheridan	$150,078

Fort Lupton	$283,850	Silver Plume	$8,637
Fountain	$638,709	Silverthorne	$211,116
Foxfield	$38,382	Superior	$290,491
Frederick	$377,455	Thornton	$3,285,291
Frisco	$108,234	Timnath	$60,348
Garden City	$6,666	Vail	$216,318
Georgetown	$46,431	Ward	$8,181
Gilcrest	$34,585	Wellington	$184,975
Glendale	$57,356	Westminster	$3,253,293
Golden	$515,530	Wheat Ridge	$1,007,488
Greeley	$2,666,410	Windsor	$696,121
		Cities Total	**$82,618,879**

Source: Colorado Department of the Treasury

3.3 Federal Funds

3.3.1 Highway Trust Fund

The HTF is a financing mechanism, similar to other federal trust funds, established to collect tax receipts for specific purposes. HTF is comprised of excise taxes collected on motor fuels and truck-related taxes, including taxes on gasoline, diesel fuel, gasohol, and other fuels; truck tires and truck sales; and heavy vehicle use.

The HTF was originally created by the Highway Revenue Act of 1956 to ensure a dependable source of revenue for the interstate highway system. In addition to the Highway account, the Mass Transit account was established in 1983. However, more than 80 percent of the total fund is the Highway Account, including a majority of the fuel taxes as well as all truck-related taxes.

The HTF is funded primarily by a federal fuel tax, currently 18.4 cents per gallon of gasoline and 24.4 cents per gallon of diesel fuel. The Mass Transit Account usually receives 2.86 cents per gallon of the fuel taxes.

Federal legislation requires that funds paid into the fund be returned to the States for various highway and mass transit program areas in accordance with legislatively established formulas. The distribution of funding among the states has been a contentious issue. **In FY 2010-2011, Colorado users contributed $635.6 million to the fund according to FHWA**. Different methods of accounting estimate that the state typically receives 92% to 110% of its contribution. CDOT received $526.3 million from this source in FY 2010-2011.

The fund faces fiscal challenges, however. The Congressional Budget Office estimates that the HTF's Highway and Mass Transit Accounts will not be able to meet their obligations in 2015. MAP-21 did not address these issues.

3.3.2 Surface Transportation Authorization

Transportation authorization is the means through which Congress gives permission for federal funds to be expended from the HTF. Each transportation authorization bill establishes transportation policy, defines programs, outlines areas of emphasis for spending and authorizes funding to the states. Transportation authorization legislation covers multiple years because transportation projects take a great deal of time from planning through construction. ISTEA, TEA-21, and SAFETEA-LU are the most recent example of transportation authorization bills enacted by Congress.

President Obama signed MAP-21, the Moving Ahead for Progress in the 21st Century Act (P.L. 112-141), into law on July 6, 2012. MAP-21 replaces SAFETEA-LU and funds surface transportation programs at over $105 billion for FY 2013 and 2014 with a split of 80 percent to highway funding and 20 percent to mass transit funding. Colorado's allocation for FY 2012 is $517 million. Colorado's federal highway appointments are estimated to be $517 million in FY 2013 and $522.4 million in FY 2014 under MAP-21. The state is also projected to receive approximately $10.4 million in formula funding for mass transit.

Although the MAP-21 consolidates programs, emphasizes performance management, and streamlines several environmental processes, it fails to address the long-term fiscal solvency of the HTF. Since 2008, HTF has relied on significant federal fund transfers to backfill shortfalls.

3.3.3 Earmarks

Annual appropriations legislation places yearly limits on funds that can be spent within the multi-year transportation authorization legislation. There had previously been the opportunity, also, for a certain number of specific projects or "earmarks" to be selected by Congress. That project's funding usually came from discretionary money – however, their use was controversial. MAP-21 eliminated their use.

3.3.4 ARRA and TIGER

In 2009, the Federal Government passed ARRA, the American Recovery and Reinvestment Act. As part of this $787 billion program, ARRA directed $46.5 billion towards transportation related improvements. In total, Colorado received $550 million in ARRA transportation funds with fund distribution as follows:

- Highway = $385 million
- Transit = $122 million
- New Starts Transit = $40 million

ARRA was intended to be a short term funding bill to stimulate the economy and not a long term funding solution for transportation. Half of the money was obligated by June 30, 2009 to "shovel ready projects". The majority of the CDOT projects are completed.

However, ARRA also established the Transportation Investment Generating Economic Recovery, or TIGER Discretionary Grant program, which provides a unique opportunity for the U.S. Department of Transportation to invest in road, rail, transit and port projects that promise to achieve critical national objectives.

Congress dedicated $1.5 billion for TIGER I, $600 million for TIGER II, and $526.9 million for the FY 2011 round of TIGER Grants to fund projects that have a significant impact on the Nation, a region or a metropolitan area.

In FY 2012, $500 million was allocated to the program. CDOT's I-25 North Managed Lanes Extension and Express Bus Project received $15 million towards its overall project cost of $44.3 million.

3.4 State Funds

3.4.1 Senate Bill 09-108 (FASTER)

FASTER, which stands for Funding Advancement for Surface Transportation & Economic Recovery, was signed into Colorado law in 2009. The legislation raises money for bridge reconstruction, highway safety projects and transit primarily through an increase in vehicle-registration fees. FASTER is anticipated to generate approximately $292 million per year to 2035. The law specifies that $10 million a year will be forwarded by CDOT to statewide transit projects and an additional $5 million a year for local transit projects. In 2012, the Transportation Commission awarded funds for projects including bus purchases and park-n-ride lot improvements for FY 2013.

3.4.2 Senate Bill 09-228

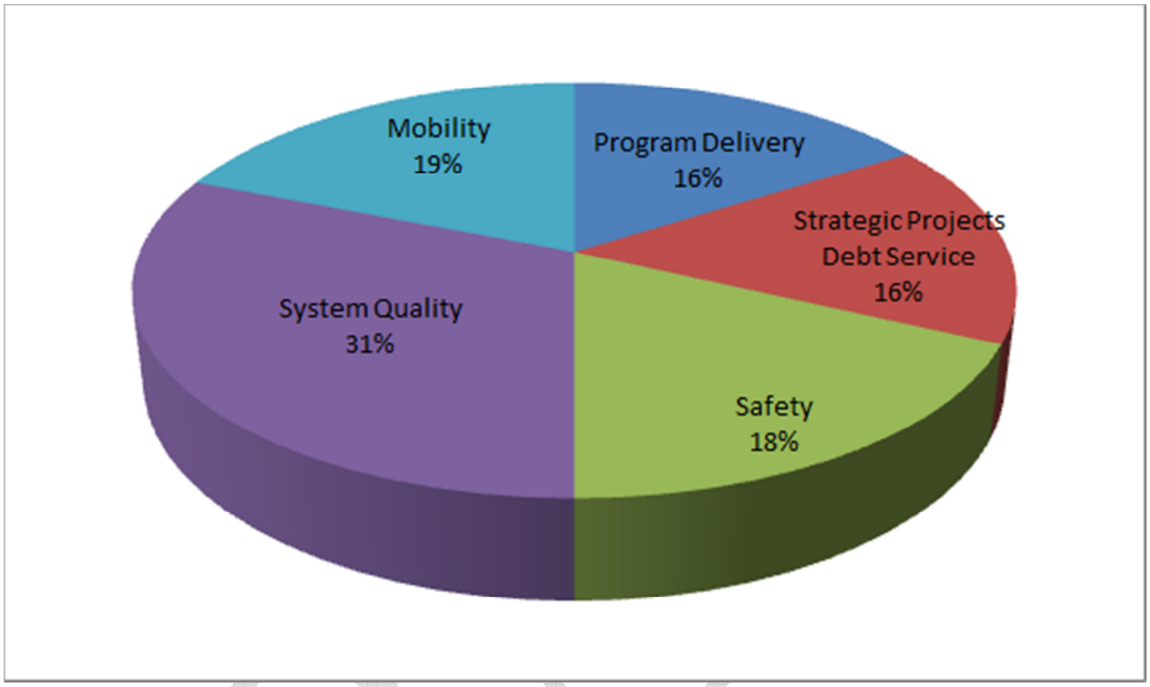
In 2009 the legislature passed Senate Bill 09-228 which established methods to transfer money to transportation, capital construction, and the statutory reserve. After a 5 percent growth rate is met, 2 percent of General Fund revenues at approximately $170 million (with 10 percent for transit) will be transferred to transportation for 5 years. This law also maintains a 6 percent growth limit on HUTF off- the top transfers. CDOT does not anticipate funds being made available for transportation under this new law until at least FY 2013-2014.

3.5 CDOT Allocation by Investment Category

The Colorado Department of Transportation has developed a funding decision-making process based on investment categories and goals and objectives for each investment category, using a set of performance measures and standards. Currently there are four primary investment categories which are outlined below.

- *Safety* -Services, programs and projects that reduce fatalities, injuries and property damage for all users and providers of the system
- *System Qua*lity - Activities, programs and projects that maintain the physical (integrity / condition) function and aesthetics of the existing transportation infrastructure
- *Mobility* – Programs, services, and projects that enhance the movement of people, goods and information
- *Program Deli*very – Functions that enable the successful delivery of CDOT's programs, projects and services

CDOT Expenditures in FY 2010-2011 are shown in the Figure below. The majority of expenditures were for System Quality, followed by Mobility, Safety, Program Delivery, and Strategic Projects Debt Service which is the retiring of debt service for bonds issued for 28 strategic projects identified in 1996 as high priority projects of statewide significance. Debt service on the bonds consumes $167 million of CDOT annual revenue until 2017. FASTER projects are included in the Safety and System Quality categories.



Source: CDOT Final 2011 Annual Performance Report, ArLand

4. Transportation Finance and Implementation Panel

In 2007, then Governor Bill Ritter appointed a Transportation Finance and Implementation Panel to evaluate the state's transportation needs and identify long term sustainable funding sources. The panel examined a range of potential funding mechanisms and their revenue generation potential. The 2009 FASTER legislation adopted some of the Transportation Panel's recommendations as a first step to increase statewide transportation funding by $1.5 billion annually. They included the following:

Revenue Source	Incremental Fee or Tax	Revenue Generated
Increased Vehicle Reg. Fee	$100 average fee increase	$500 million
Increased Motor Fuel Tax	$.13 per gallon	$351 million
New Daily Visitor Fee	$6 daily fee	$240 million
Increased Sales & Use Tax	.35% increase	$312 million
Increased Severance Tax	1.7% effective increase	$96 million

5. Funding Sources for High Speed Intercity Passenger Rail

Similarly, to identify a baseline revenue source for HSIPR, the 2011 revenues either currently or potentially appropriate for transportation needs in the counties and jurisdictions which would most directly benefit from HSIPR (ie the City and County of Denver and the cities and counties with corridors and stations) are first summarized with the 2011 receipts from each of the sources described. The next section will assume either a revenue increase from the same source or identify potential new funding sources with a connection to HSIPR.

5.1 Transportation Sources Baseline

5.1.1 Motor Fuel

The Colorado Highway Users Tax Fund (HUTF) is the major ongoing source of revenue for CDOT, funded primarily from the state's motor fuel tax which is 22 cents per gallon of gasoline and 20.5 cents per gallon of diesel fuel.

According to the Colorado Department of Revenue, in FY 2010-2011, 2.6 billion gallons of motor fuel were sold with gallon and diesel fuel generating approximately $551 million.

Although there is variation in consumption based upon geographic area, the ICS study area is comprised of both urban and rural counties. The study area population is approximately 84% of the State population. 84% of $553 million is **$465 million, an estimate for revenues generated from our study area.**

State Motor Fuel	
Gross Gallons Total	2,992,462,336
Exemptions/Deductions Total	355,984,597
Refunds Total	43,952,756
Distributed to Other States	16,966,738
Net Gallons Total	**2,562,525,013**
Net Gasoline/Gasohol @ 22 cents	$446,669,209
Net Special Fuel @ 20.5 cents	$105,720,993
Net Aviation Gasoline @ 6 cents	$213,178
Net Aviation Jet Fuel @ 4 cents	$1,230,898
Net All Fuels Total	**$553,834,278**

Source: Colorado Department of Revenue, ArLand

5.1.2 Vehicle Registration Tax

Funds from vehicle registrations are part of the HUTF which currently help fund transportation projects in the State of Colorado. Total statewide registrations were estimated at 5 million in 2010, according to the Colorado Department of Revenue. Counties within the study area reported 3.9 million registrations in 2010, 77.5% of the statewide total.

County	2010 Vehicle Registrations
Adams	389,042
Arapahoe	479,273
Boulder	251,273
Broomfield	48,917
Clear Creek	15,453
Denver	466,342
Douglas	262,764
Eagle	59,910
El Paso	570,793
Gilpin	9,955
Jefferson	528,654
Larimer	313,933
Pueblo	161,198
Summit	33,757
Teller	33,303
Weld	288,803
County Totals	**3,913,370**
Total CO Registrations	**5,047,563**
Study Area % of State	**77.5%**

Source: Colorado Department of Revenue, ArLand

In FY 2010-2011, the State of Colorado reported fees received from registrations throughout the state as $322.1 million, broken down into regular and late registrations and road safety surcharges. **77.5% of statewide registration revenues yield $249.6 million.**

Registrations	**$322.1**
Registrations	*$185.0*
Road Safety Surcharge	*$114.5*
Late Registration Fees	*$22.7*

Source: State of Colorado Legislative Council

Statewide Registrations ($millions)	**$322.1**
Study Area percentage of State	77.5%
Estimated Revenue from Study Area Registrations ($millions)	**$249.6**

Source: ArLand

5.2 Other Baseline Government Revenues

The funds mentioned above are received from federal, state and local governments, for transportation purposes. The next set of tables outlines receipts for taxes including sales, income, property, etc., typically used for general government purposes.

5.2.1 State Retail Sales Tax Receipts

In FY 2010-2011, state sales tax receipts in study area counties equaled $1.7 billion.

County	**State Sales Tax FY 2010-2011**
Adams	$160,759,000
Arapahoe	$230,854,000
Boulder	$114,262,000
Broomfield	$29,947,000
Clear Creek	$2,068,000
Denver	$326,757,000
Douglas	$107,968,000
Eagle	$35,047,000
El Paso	$199,283,000
Gilpin	$2,288,000
Jefferson	$184,036,000
Larimer	$108,058,000
Pueblo	$50,008,000
Summit	$24,245,000
Teller	$5,289,000
Weld	$77,775,000
County Totals	**$1,658,644,000**

Source: Colorado Department of Revenue, ArLand

5.2.2 State Income Tax Receipts

While state income tax receipts for the entire state were estimated at $4.5 billion in 2011, county level income tax receipt information was unavailable for that year. The latest year for which that information was easily available was 2008. In that year, the state received approximately $3.5 billion in income tax receipts from taxpayers in the study area. Because of the recession, total statewide income tax receipts between 2008 and 2011 declined by 10% from $5 billion to $4.5 billion. Because income tax receipts from these counties comprise 78% of total statewide tax receipts, it is likely that income tax receipts from study area counties decreased by a similar rate to an estimated $3.1 billion in 2011.

County	State Income Tax 2008
Adams	$295,355,000
Arapahoe	$495,105,000
Boulder	$361,027,000
Broomfield	NA
Clear Creek	$3,764,000
Denver	$507,143,000
Douglas	$371,386,000
Eagle	$57,485,000
El Paso	$363,079,000
Gilpin	$3,025,000
Jefferson	$576,654,000
Larimer	$211,267,000
Pueblo	$70,379,000
Summit	$28,698,000
Teller	$12,897,000
Weld	$156,669,000
County Totals	**$3,513,933,000**

Source: Colorado Department of Revenue, ArLand

County Totals 2008	**$3,513,933,000**
2011 Estimate (assume 10% decline between 2008-2011)	**$3,162,539,700**

Source: Colorado Department of Revenue, ArLand

5.2.3 Property Tax Receipts

Total property tax receipts received in the jurisdictions noted include property taxes paid for school districts and other special purpose districts such as fire protection and metropolitan districts. These totaled $5.5 billion in 2011. However, because many of these special purpose districts are somewhat limited in their scope and operations, county and municipality receipts were selected and totaled because there is likely more flexibility to raise funds due to their more general purpose nature, and their control by public entities. County receipts equaled $1.3 billion and municipality (cities and towns) receipts equaled $283 million totaling $1.6 billion in 2011.

County	Total Property Tax Receipts (2011)	Property Tax (County Receipts, 2011)	Property Tax (Municipality Receipts, 2011)
Adams	$486,881,412	$122,569,451	$25,344,266
Arapahoe	$745,516,612	$127,903,059	$51,391,940
Boulder	$485,032,312	$138,697,525	$56,136,331
Broomfield	$114,594,120	$18,512,339	$12,112,151
Clear Creek	$37,762,137	$21,377,781	$333,774
Denver	$819,805,987	$310,831,500	---
Douglas	$475,795,574	$89,076,645	$3,226,790
Eagle	$170,330,781	$23,633,639	$9,055,225
El Paso	$439,518,138	$48,026,412	$23,605,411
Gilpin	$14,211,414	$3,434,527	$306,661
Jefferson	$672,425,610	$170,363,715	$21,020,752
Larimer	$361,665,245	$92,395,940	$29,659,970
Pueblo	$139,559,048	$49,329,042	$14,899,232
Summit	$83,041,892	$20,497,872	$4,229,062
Teller	$28,005,813	$7,083,984	$1,951,401
Weld	$383,330,046	$91,108,983	$29,820,568
County Totals	**$5,457,476,141**	**$1,334,842,414**	**$283,093,534**
County and Municipality Total			**$1,617,935,948**

Source: Colorado Department of Revenue, ArLand

5.2.4 Lottery Sales

Most of the revenues generated by the state's lottery games are designated for the State's Conservation Trust Fund and Great Outdoors Colorado (GOCO). In 2011, the lottery tax produced $420 million in overall sales with proceeds funding parks, recreation, open space, conservation, education, and wildlife projects. Profits from the sale of lottery products are mandated to be distributed according to a formula which is generally 50 percent to the GOCO Trust Fund, 40 percent to the Conservation Trust Fund, and 10 percent to The Colorado Division of Parks and Wildlife.

County	**Lottery Sales 2011**
Adams	$48,808,553
Arapahoe	$53,941,373
Boulder	$19,110,395
Broomfield	$5,105,995
Clear Creek	$1,067,763
Denver	$58,907,319
Douglas	$16,252,058
Eagle	$4,295,586
El Paso	$64,590,009
Gilpin	$250,923
Jefferson	$62,082,156
Larimer	$25,296,198
Pueblo	$28,708,568
Summit	$2,121,868
Teller	$2,463,115
Weld	$28,884,677
County Totals	**$421,886,556**

Source: Colorado Department of Revenue, ArLand

Lottery Fund Distribution ($millions)	**2011**
Great Outdoors Colorado (50% of profits)	$56.0
Conservation Trust Fund (40% of profits)	$45.3
Park & Outdoor Recreation (10% of profits)	$11.3
Public School Capital Construction Fund	$0.7
Total	**$113.3**

Source: Colorado Department of Revenue, ArLand

5.2.5 Revenue Summary

The sources outlined above are summarized below. While they account for significant revenue at over $7 billion, they are currently used for a wide variety of either general governmental services or specific programs, so a reallocation to HSIPR or any other program would not be possible without significant legislative changes. However, they provide a useful baseline in considering either changes or increases, with additional funds either raised or reallocated for HSIPR.

Sources	**2010-2011 Estimated Receipts**
Transportation	
Motor Fuel Tax	$465.2 million
Vehicle Registration	$249.6 million
General Government	
State Sales Tax	$1,658.6 million
State Income Tax	$3,162.5 million
Property Tax*	$1,617.9 million
Other Special Purpose	
State Lottery Profits	$113.3 million
TOTAL	**$7,267.1 million**

** The County and Municipality portion of Property Tax only. While total statewide property tax receipts are $5.5 billion, the remainder is dedicated to special districts including school and other special purpose districts

Source: State of Colorado, ArLand

5.3 Future Revenue Sources for HSIPR

As we begin to consider future transportation funding for HSIPR, our previously described revenue sources can be organized into three broad categories:

1) *User fees*—such as transit fares or the gas tax—paid by direct users of transportation facilities. With user fees, the relationship between who pays and who benefits is quite clear.
2) *General Revenues* paid by the general public, such as sales or income taxes. The collection of these revenues assume that citizens benefit indirectly through the broad economic and social returns from transportation investment, so a general government fund is tapped for transportation revenue. The relationship between who pays and who benefits is less clear.
3) *Value Capture Mechanisms* - Value capture mechanisms lie in between these two categories. They target a restricted set of indirect beneficiaries: landowners and developers who benefit from the increased land value that follows a transportation improvement. Different ways to measure the value gains give rise to a range of different strategies of value capture.

As we begin to suggest either rates of increase or new funds for transportation, please note that the analysis, at this point, is being used for revenue generation sensitivity purposes and not to specifically suggest certain funding sources and rates. That is subject to further discussion.

5.3.1 User Fees

5.3.1.1 Farebox Revenues

The consultant team is in the process of developing ridership estimates as of the date of this draft. This section will be updated as those estimates, along with potential farebox revenues, are more fully developed.

5.3.1.2 Motor Fuel Tax Increase

In 2010, the motor gas consumed per capita was estimated at 422 gallons according to the U.S. Department of Energy. In the study area counties, it is estimated that 1.8 billion gallons of gas was consumed in 2010. Either assuming an increase in the current motor fuels tax or a sales tax on motor fuels consumption, an increase of $.25 per gallon yields $446.9 million annually. Equity consideration and political acceptability of such a large increase would need to be carefully considered.

County	2010 Population	Gallons of Motor Gas	$.25 per Gallon Sales Tax
Adams	441,603	186,356,466	$46,589,117
Arapahoe	572,003	241,385,266	$60,346,317
Boulder	294,567	124,307,274	$31,076,819
Broomfield	55,889	23,585,158	$5,896,290
Clear Creek	9,088	3,835,136	$958,784
Denver	600,158	253,266,676	$63,316,669
Douglas	285,465	120,466,230	$30,116,558
Eagle	52,197	22,027,134	$5,506,784
El Paso	622,263	262,594,986	$65,648,747
Gilpin	5,441	2,296,102	$574,026
Jefferson	534,543	225,577,146	$56,394,287
Larimer	299,630	126,443,860	$31,610,965
Pueblo	159,063	67,124,586	$16,781,147
Summit	27,994	11,813,468	$2,953,367
Teller	23,350	9,853,700	$2,463,425
Weld	252,825	106,692,150	$26,673,038
County Totals	**4,236,079**	**1,787,625,338**	**$446,906,335**

Source: US Census, US DOE on Motor gas consumed per capita (422 gallons in 2010)

5.3.1.3 VMT Fees

Because of fuel economy and changes in technology, Vehicles Miles Travelled (VMT) is increasingly being considered as a better measure of roadway usage. Colorado Vehicle Miles Travelled in 2011 was 46.6 billion for all roads which equals 9,275 VMT per capita. **Assuming 1 cent per mile yields $392.9 million**. One of the primary challenges to instituting this particular type of fee is the fiscal efficiency issue and the ease in which a program can be set up, since there are privacy and other concerns with respect to measuring VMTs.

County	2010 Population	VMT	1 Cent per Mile
Adams	441,603	4,095,867,825	$40,958,678
Arapahoe	572,003	5,305,327,825	$53,053,278
Boulder	294,567	2,732,108,925	$27,321,089
Broomfield	55,889	518,370,475	$5,183,705
Clear Creek	9,088	84,291,200	$842,912
Denver	600,158	5,566,465,450	$55,664,655
Douglas	285,465	2,647,687,875	$26,476,879
Eagle	52,197	484,127,175	$4,841,272
El Paso	622,263	5,771,489,325	$57,714,893
Gilpin	5,441	50,465,275	$504,653
Jefferson	534,543	4,957,886,325	$49,578,863
Larimer	299,630	2,779,068,250	$27,790,683
Pueblo	159,063	1,475,309,325	$14,753,093
Summit	27,994	259,644,350	$2,596,444
Teller	23,350	216,571,250	$2,165,713
Weld	252,825	2,344,951,875	$23,449,519
County Totals	**4,236,079**	**39,289,632,725**	**$392,896,327**

Source: Colorado Department of Transportation, US Census

5.3.1.4 Increase in Vehicle Registration Fees

Fees for vehicles are different based on the age and type of vehicle. While current registration revenues are currently devoted to HUTF, an increase of $100 per vehicle in the study area could generate approximately $391 million for HSIPR.

County	2010 Vehicle Registrations	$100 increase in Fee per Vehicle
Adams	389,042	$38,904,200
Arapahoe	479,273	$47,927,300
Boulder	251,273	$25,127,300
Broomfield	48,917	$4,891,700
Clear Creek	15,453	$1,545,300
Denver	466,342	$46,634,200
Douglas	262,764	$26,276,400
Eagle	59,910	$5,991,000
El Paso	570,793	$57,079,300
Gilpin	9,955	$995,500
Jefferson	528,654	$52,865,400
Larimer	313,933	$31,393,300
Pueblo	161,198	$16,119,800
Summit	33,757	$3,375,700
Teller	33,303	$3,330,300
Weld	288,803	$28,880,300
County Totals	**3,913,370**	**$391,337,000**

Source: Colorado State Department of Revenue, ArLand

5.3.1.5 Utility Fees

Transportation utility fees treat transportation networks like a utility, similar to other local services such as water and wastewater treatment that are financed primarily from user charges. The table below assumes a $15 per month per household charge, however, utility fees can be set using a number of different bases that are more closely related to transportation demand including fees that apply per unit of housing or per parking space, fees based on square footage or gross floor area, and fees that vary with the trip generation rate for a given property.

County	2010 Households	$15/ mo / HH
Adams	149,508	$26,911,440
Arapahoe	221,136	$39,804,480
Boulder	118,545	$21,338,100
Broomfield	20,841	$3,751,380
Clear Creek	4,031	$725,580
Denver	258,132	$46,463,760
Douglas	100,795	$18,143,100
Eagle	18,362	$3,305,160
El Paso	230,620	$41,511,600
Gilpin	2,442	$439,560
Jefferson	217,763	$39,197,340
Larimer	118,791	$21,382,380
Pueblo	61,858	$11,134,440
Summit	11,001	$1,980,180
Teller	9,051	$1,629,180
Weld	88,242	$15,883,560
County Totals	**1,631,118**	**$293,601,240**

Source: US Census Bureau

5.3.2 General Revenues

5.3.2.1 Sales Tax Increase

Sales taxes are a popular source to potentially fund transportation improvements. Based upon an extrapolation of current state sales tax receipts to total revenues, an approximate 1% tax on current total sales revenues within the study area would yield $571.9 million.

County	State Sales Tax FY 2010-2011	Total Revenues*	With 1% increase
Adams	$160,759,000	$5,543,413,793	$55,434,138
Arapahoe	$230,854,000	$7,960,482,759	$79,604,828
Boulder	$114,262,000	$3,940,068,966	$39,400,690
Broomfield	$29,947,000	$1,032,655,172	$10,326,552
Clear Creek	$2,068,000	$71,310,345	$713,103
Denver	$326,757,000	$11,267,482,759	$112,674,828
Douglas	$107,968,000	$3,723,034,483	$37,230,345
Eagle	$35,047,000	$1,208,517,241	$12,085,172
El Paso	$199,283,000	$6,871,827,586	$68,718,276
Gilpin	$2,288,000	$78,896,552	$788,966
Jefferson	$184,036,000	$6,346,068,966	$63,460,690
Larimer	$108,058,000	$3,726,137,931	$37,261,379
Pueblo	$50,008,000	$1,724,413,793	$17,244,138
Summit	$24,245,000	$836,034,483	$8,360,345
Teller	$5,289,000	$182,379,310	$1,823,793
Weld	$77,775,000	$2,681,896,552	$26,818,966
County Totals	**$1,658,644,000**	**$57,194,620,690**	**$571,946,207**

* Assumes current rate of 2.9% for the state portion of sales tax

Source: Colorado Department of Revenue, ArLand

5.3.2.2 Property Tax Increase

In addition to funding general government services, property taxes help pay for schools, special districts such as water and sanitation districts as well as other needs. They vary by geographic area. Property tax receipts in the study area totaled approximately $5.5 billion in 2011, although much of the revenue is designated for specific purposes. General government receipts in counties totaled $1.3 billion and municipalities, $283 million in 2011.

If two mills were added respectively to county receipts, $128 million would be generated. Additionally, if two mills were added to municipality receipts, $71 million would be generated. Both sources would generate $200 million.

County	Total Property Tax Receipts (2011)	Property Tax (County Receipts, 2011)	Property Tax (Municipality Receipts, 2011)	Revenues Generated (Additional 2 Mills to County Receipts	Revenues Generated (Additional 2 Mills to Municipality Receipts)
Adams	$486,881,412	$122,569,451	$25,344,266	$9,144,927	$6,982,430
Arapahoe	$745,516,612	$127,903,059	$51,391,940	$14,856,178	$12,846,589
Boulder	$485,032,312	$138,697,525	$56,136,331	$11,255,632	$9,311,746
Broomfield	$114,594,120	$18,512,339	$12,112,151	$2,114,367	$2,114,367
Clear Creek	$37,762,137	$21,377,781	$333,774	$1,123,491	$89,208
Denver	$819,805,987	$310,831,500	---	$21,874,908	---
Douglas	$475,795,574	$89,076,645	$3,226,790	$9,009,472	$3,480,940
Eagle	$170,330,781	$23,633,639	$9,055,225	$5,561,510	$2,985,986
El Paso	$439,518,138	$48,026,412	$23,605,411	$12,643,520	$9,932,425
Gilpin	$14,211,414	$3,434,527	$306,661	$698,075	$515,571
Jefferson	$672,425,610	$170,363,715	$21,020,752	$13,995,212	$8,420,960
Larimer	$361,665,245	$92,395,940	$29,659,970	$8,223,206	$6,242,220
Pueblo	$139,559,048	$49,329,042	$14,899,232	$3,118,243	$1,907,670
Summit	$83,041,892	$20,497,872	$4,229,062	$3,203,794	$1,814,194
Teller	$28,005,813	$7,083,984	$1,951,401	$966,239	$359,524
Weld	$383,330,046	$91,108,983	$29,820,568	$10,843,726	$4,436,340
County Totals	**$5,457,476,141**	**$1,334,842,414**	**$283,093,534**	**$128,632,498**	**$71,440,171**
County and Municipality Total			**$1,617,935,948**		**$200,072,669**

Source: Colorado Department of Local Affairs, ArLand

5.3.2.3 Income Tax Increase

Assuming a 10% decrease in 2008 state income tax receipts in order to derive a 2011 income tax estimate (as a result of the Great Recession) and then assuming a net 1% increase in the overall state income tax rate yields approximately $1 billion.

County	**State Income Tax (Net) 2008 ($000s)**	**Federal AGI 2008 ($000s)**	**1% Increase in State Income Tax Rate ($000s)**
Adams	$295,355	$9,382,122	$93,821
Arapahoe	$495,105	$16,209,589	$162,096
Boulder	$361,027	$11,573,941	$115,739
Broomfield	NA	NA	$0
Clear Creek	$3,764	$130,749	$1,307
Denver	$507,143	$16,308,937	$163,089
Douglas	$371,386	$11,412,571	$114,126
Eagle	$57,485	$1,826,222	$18,262
El Paso	$363,079	$13,055,080	$130,551
Gilpin	$3,025	$102,143	$1,021
Jefferson	$576,654	$19,055,854	$190,559
Larimer	$211,267	$7,319,894	$73,199
Pueblo	$70,379	$2,763,958	$27,640
Summit	$28,698	$944,014	$9,440
Teller	$12,897	$469,532	$4,695
Weld	$156,669	$5,459,763	$54,598
County Totals	**$3,513,933**	**$116,014,367**	**$1,160,144**
2011 Estimate (10% decrease)	**$3,162,540**	**$104,412,930**	**$1,044,129**

Source: Colorado Department of Revenue

5.3.2.4 Lodging Tax

The Colorado Tourism office engages Longswoods International annually to provide data on visitors to the state through extensive surveys. Information collected includes: data on the size of Colorado's travel market, volume of expenditures it generates, the competitive environment, etc. It found that in 2011, spending on lodging in the state from both business and personal travel equaled $2.65 billion from in-state as well as out-of-state travelers.

Counties and cities within the State of Colorado have instituted lodging taxes to fund business and marketing organization and activities. It is an additional sales tax added on to the cost of overnight accommodations, but not to the charges for food, beverage or other personal services. The City and County of Denver, for example, levies a 14.85% lodging tax to help pay for the cost of the convention center and other tourist related facilities.

Assuming that 1%of current statewide spending on lodging would be instituted; **$26.5 million annually** would be generated**.**

5.3.2.5 Lottery Tax

Although lottery sales were about $420 million in 2011, most of the funds are used to help pay for administrative expenses of administering the program. Net profits are used to fund various outdoor programs with most of it used for GoCo. If 10% of net profits were reallocated to help pay for HSIPR, **$11.3 million annually** would be generated.

5.3.3 Value Capture Mechanisms - Capturing Value Created by Transit

User fees target the direct users of the transportation infrastructure while general approaches that increase income or sales taxes assume that citizens benefit indirectly through the broad economic and social returns from transportation investments. Value capture mechanisms target a restricted set of indirect beneficiaries: landowners and developers who benefit from the increased land value that follows a transportation improvement. Ways of potentially capturing the value gains are outlined below.

- *Special Assessment* – a tax assessed against parcels that have been identified as receiving a direct and unique benefit as a result of a public project.
- *Tax Increment Financing* – a mechanism that allows the public sector to "capture" growth in sales and/or property tax resulting from new development and increasing property values.
- *Joint Development* – generally, cooperation between the public and private sectors to deliver transit-oriented development (TOD), usually involving development on transit agency owned land.
- *Developer/Impact Fee*- a fee assessed on new development within a jurisdiction as a means to raise funds to pay for infrastructure.
- *Real Estate Transfer Tax* – a tax paid as property changes ownership. It has been used as a means to raise funds for transit in the Roaring Fork Valley.

5.3.3.1 Developer Fee or other Value Capture Mechanism (proxy)

As a proxy for the various methods that can be used to raise revenues based upon an assumption that an investment in HSIPR would result in more and higher value development, annual housing permits and commercial starts were used. Housing permits were used as a proxy for housing starts. Assuming 10,000 per new residential unit would yield $133 million. Nonresidential construction starts were obtained for the State. Assuming a portion of that development for the study area and a 1% fee on the value of that construction yields $36 million. Both sources total $169.4 million.

County	**5 Year Average Annual Housing Permits (2007-2011)**	**$10,000 per Residential Unit**
Adams	862	$8,620,000
Arapahoe	1,780	$17,800,000
Boulder	664	$6,640,000
Broomfield	502	$5,020,000
Clear Creek	16	$160,000
Denver	2,333	$23,330,000
Douglas	1,343	$13,430,000
Eagle	185	$1,850,000
El Paso	2,068	$20,680,000
Gilpin	25	$250,000
Jefferson	713	$7,130,000
Larimer	1,080	$10,800,000
Pueblo	364	$3,640,000
Summit	233	$2,330,000
Teller	74	$740,000
Weld	1,068	$10,680,000
County Totals	**13,310**	**$133,100,000**

Nonresidential Construction Put in Place in Colorado		
	Annual Average (07-11)	$4,425,000,00
	82% ICS area v. State	$3,628,500,00
	1.0% Assumed Fee for Commercial Development	**$36,285,000**
	Total	**$169,385,000**

Source: US Census, ArLand

5.4 Future Revenue Summary

While this list is not exhaustive, it begins to highlight the sources with the greatest revenue generation potential. These sources total approximately $3,548.0 million which would be generated annually.

Sources	***Increase / Change***	***Revenues Generated***
User Fees		
Farebox Revenues	-- to be determined --	-- to be determined --
Motor Fuel Purchase Tax Increase	$.25 per gallon	$446.9 million
VMT Fees	$.01 per mile	$392.9 million
Increase in Vehicle Registration Fees	$100 per vehicle	$391.3 million
Utility Fees	$15 per month per household	$293.6 million
General Revenues		
Increased State Sales Tax	1%	$571.9 million
Increased State Property Tax	4 mills	$200.1 million
Increased State Income Tax	1%	$1,044.1 million
Lodging Tax	1% of current statewide lodging spending	$26.5 million
Change in Lottery Tax Allocation	Reallocation of 10% of lottery program profits	$11.3 million
Value Capture Mechanisms		
Development Fee	$10,000 per residential unit and 1% fee on the value of commercial development	$169.4 million
Total		**$3,548.0 million**

Source: ArLand

5.5 Pros and Cons of Each Source

Each of the potential funding sources has pros and cons associated with their use and administration. The pros and cons of each of the potential funding sources can be assessed as follows in the following matrix.

- *Financial Effectiveness* - Can the source yield the funds, is it stable and is there potential for growth?
- *Transportation Efficiency* - Are the revenues structured in such a way to encourage efficient use of the transportation system?
- *Fiscal Efficiency* - Are the taxes, fees, etc. easy to collect and understand and easy to administer?
- *Equity* - Does it disproportionately impact lower income people? Do users who use the system more pay more for the benefits?
- *Political Acceptability* - Is it supported by the public? Is there a logical connection between the tax / fee and the system?
- *Impact on Competitiveness* – would the tax / fee place an onerous burden on residents, businesses and visitors creating a disincentive to live, work, or recreate in the area?

A scale of 1 to 10 can be used to create a weighted number for each of the potential criteria by revenue source. 1 represents the lowest ranking, lowest number or most negative ranking while 10 ranks the highest. 5 is neutral. The total sum would represent the overall relative attractiveness of the potential mechanism as a funding tool. The ultimate funding for HSIPR will be a combination of funding mechanisms.

	Revenue Criterion								
	Financial Effectiveness								
Revenue Source	**Stability**	**Revenue Potential**	**Growth Potential**	**Transportation Efficiency**	**Fiscal Efficiency**	**Equity**	**Political Acceptability**	**Impact on Competitiveness**	**TOTAL**
User Fees									
Transit Fares									
Motor fuels tax increase									
VMT Fees									
Utility Fees									
General Revenues									
Sales and Use Tax									
State Income Tax									
Property Tax									
Lodging Tax (Visitor Fee proxy)									
Lottery Tax Reallocation									
Value Capture Mechanisms									
Development Fee									

Source: Table format based on "Metropolitan-Level Transportation Funding Sources" by Institute of Transportation Studies, Berkeley, CA and ICF Consulting, December 2005, ArLand

6. Financing Mechanisms

Future revenues provide the basis for financing mechanisms which ultimately leverage future cash flows into upfront capital cost expenditures. There are many innovative financing concepts potentially available to fund the required capital costs. Potential financing programs include the following:

6.1 Transportation Infrastructure Financing and Innovation Act of 1998

TIFIA is an established federal credit assistance program for eligible transportation projects of national or regional significance. These include transit and passenger rail facilities, such as the California High Speed Rail project. Under TIFIA, the U.S. Department of Transportation (DOT) can provide three forms of credit assistance to eligible projects. These means of assistance include secured (or direct) loans, loan guarantees, and standby lines of credit.

The fundamental goal of TIFIA is to leverage federal funds to attract substantial private and other non-federal co-investment into projects that provide critical improvements to U.S. surface transportation. Interest rates for TIFIA loans generally reflect the government's borrowing costs, and the terms of repayment are generally favorable to project sponsors.

Update to TIFIA Loans

TIFIA Loans have been the backbone to underpin infrastructure development and project financing for US transportation projects. On July 6, 2012, MAP-21 replaced SAFETEA-LU which had been extended nine times since its expiration in 2009. The recent MAP-21 Conference Report expands the TIFIA program by authorizing a total of $1.75 billion — $750 million for FY 2013 and $1 billion for FY 2014. The bill also increases the maximum share of project costs that can be funded with TIFIA financing from 33 percent to 49 percent. It also allows TIFIA to be used to support a related set of projects and to set aside funding for projects in rural areas at more favorable terms, and requires the Transportation Department to submit a report summarizing the financial performance of projects that are receiving TIFIA assistance. Current Colorado state law for P3 (§43-1-1202) has no express provision against the use of TIFIA in the support of financing projects. This expansion to TIFIA could play a significant role in financing HSIPR.

6.2 Railroad Rehabilitation and improvement Financing Program (RRIF)

The RRIF program is a revolving loan and loan guarantee program that is administered by the Federal Railroad Administration (FRA). It is legislatively enabled to issue up to $35 billion in loans. The program originally was established by the Transportation Equity Act for the 21st Century (TEA-21), and was amended by the Safe Accountable, Flexible and Efficient Transportation Act: a Legacy for Users (SAFETEA-LU).

Funding from RRIF may be used to acquire, improve or rehabilitate intermodal or rail equipment or facilities, including track, components of track, bridges, yards, buildings, and shops. Funds also may refinance outstanding debt incurred for those purposes listed previously, or may be allocated to develop or establish new intermodal railroad facilities.

Attractive interest rates, similar to those available under TIFIA, also exist under RRIF. This program is able to fund up to 100 percent of a project's costs, allows for a five-year grace period, and requires the payment of an up-front risk premium.

A RRIF loan could be combined with a TIFIA loan. This combination of loans is being used at Denver Union Station. It is important to note that these sources are loans and will need to be repaid.

6.3 Private Activity bonds

Private Activity Bonds are tax-exempt bonds that are issued by the state or local government on behalf of a private entity. Their purpose is to facilitate private investment for projects that generate public benefit. PABs allow for the private sector to borrow at tax-exempt rates resulting in lower overall financing costs. Currently any PABs issued for high-speed trains would be subject to a volume cap of the respective state; however, a new category of exempt facilities was created under SAFETEA-LU that allows projects receiving Title 23, and under certain conditions Title 49 funds, to qualify for the $15 billion in transportation PABs. The Secretary of Transportation and the US DOT are responsible for the allocation of these PABs.

PABs are highly attractive to private investors in conjunction with a public-private partnership (P3) program that includes equity investment, design-build, and operations involvement and could be used in conjunction with TIFIA/RRIF. For instance PABs were recently used in the financing of the $1.9 billion Capital Beltway project in Northern Virginia, one of the first variable toll rate congestion pricing projects in the U.S.

6.4 Regional Transportation Authorities

Formerly known as Rural Transportation Authorities, the state legislature broadened the rural authority to regional or a statewide authority in 2005. Prior to the passage of this legislation, every area of the state except the Denver Metro area was allowed to form Regional Transportation Authorities. Currently, a Regional Transportation Authority allows two or more jurisdictions, including the Denver Metro area, to form a taxing authority in order to fund local transportation projects. An Intergovernmental Agreement between the Regional Transportation Authorities and CDOT is required prior to taking it to a vote of the people of the region in order to form and fund a transportation project on the state highway system.

Per CRS 43-4-605, Regional Transportation Authorities have the following means to obtain revenue:

- Impose an annual motor vehicle registration fee up to $10 (for persons residing within authority boundaries).
- Portion of visitor benefit tax (collected within authority boundaries).
- Sales and use tax.
- Mill levy authority (up to 5 mills) on all taxable property (this measure expires in 2019).
- Currently there are four Regional Transportation Authorities statewide, including: Baptist Road Rural Transportation Authority, Gunnison Rural Transportation

Authority, Pikes Peak Rural Transportation Authority and the Roaring Fork Rural Transportation Authority.

6.5 Public – Private Partnerships

The Colorado General Assembly gave CDOT the authority to become involved in Public Private Partnerships. Public Private Partnerships are joint partnerships that can be formed between a private entity and CDOT to implement transportation projects funded mostly by private dollars. These are usually structured as "Concessions" involving a Concessionaire supported by financial, design-build, equipment and operations and maintenance partners. The programs are typically bid for operation of the infrastructure for 20 or more years. Highway projects such as E-470 in Colorado are the most common examples.

6.5.1 Public Private Partnerships in Transit

Although not common in the U.S., transit projects are often procured under a Public-Private Partnership (P3) delivery system in most other parts of the world. There are various structures for P3 projects, some requiring the contractor or concessionaire to perform design/build/operate and maintain (DBOM) services at essentially a fixed cost; others include an element of private financing, usually a combination of debt and equity. Transit projects often do not operate with a profit, unlike highway projects funded by tolling. Thus, the owner, such as CDOT, has to pay the concessionaire a subsidy to make up the operating shortfall to cover both annualized capital, operations, and maintenance costs. This can be done, based on the needs and preferences of the owner, in a number of different ways. Common approaches include:

- Fixed price/payment for the DBOM services (usually has escalation and penalties/deductions on the O&M portion)
- A combination of cash payments during the DB phase less than the actual cost of DB followed by at-risk revenues (fare box, advertising, etc.) plus subsidy payment that also usually has escalation and penalties/deductions
- A combination of cash payments during the DB phase less than the actual cost of DB followed by availability payments made to the concessionaire based on meeting prescribed performance standards.

Implementation of a concession for HSIPR would require some form of secured revenue stream such as federal funding, tolls, sales tax revenue, fare box revenues, or some combination of all of these sources. Private debt and equity could then be provided and retired based on the secured (subject to adequate performance) revenue stream from the owner as part of the monthly availability payment. This allows the public sector to leverage private capital over a 20 to 40 year period.

Another advantage of the Public-Private Partnerships approach is that the private sector efficiencies driven by a profit motive have been found to result in a shortened delivery, often at a reduced cost. Regional Transportation District, for example, realized a reduction in capital costs of as much as $300 million or about

15 percent of the construction value of the Eagle P3 project as compared to their internal estimate.

6.5.2 FasTracks

The $2.2 billion Eagle Public Private Partnership (Eagle P3) project for the Regional Transportation District in Denver is the largest transit project being delivered by a Concessionaire in the U.S. The project is the construction and operation of the East Rail Line, Gold Line, Northwest Electrified Segment (NWES) (segment 1 of the Northwest Rail Line) and Commuter Rail Maintenance Facility project. It requires the Denver Transit Partners (DTP) to design-build-finance-operate-maintain (DBFOM) the various projects. RTD retains ownership of all assets and leases them back to the concessionaire. The concessionaire is designing and building the project. RTD will make availability payments to the concessionaire based on their performance of the operation and maintenance of the project.

This concession includes a 34-year agreement, with the physical infrastructure turned back to the Regional Transportation District at the end of the contract. The $2.2 billion project received a $1.03 billion Full Funding Grant Agreement from the Federal Transit Administration in 2011 and a $280 million TIFIA loan in 2012. RTD is using some Sales Tax bond receipts combined with $487 million of debt and equity arranged by the concessionaire.

6.6 Local Districts or Corridors

Local sources are those funding sources that apply only to limited geographic areas, usually a county, city, or a special district, within either. In effect, the sources below (listed for informational purposes only) could potentially be implemented on a localized scale to fund specific projects or portions of a project witin the jurisdiction from which the dollars were generated. The sources typically require voter approval, constitutional amendments, property owner approval or some combination.

- **Local Tax Increase**. Local taxes could be increased to generate revenue specifically designated for use in the Corridor
- **Special Taxing Districts**. New taxing districts could be created from which the revenue generated could be applied to improvements within a specific part of the HSIPR corridor. Business Improvement Districts and Urban Renewal Districts are common examples.
- **Real Estate Transfer Tax**. For example, a tax on real estate sales along the HSIPR corridor could be implemented from which the revenue generated could be applied to improvements in the Corridor.

