How to fix Colorado transportation funding & traffic - Thoughts on HB 1242 and the way out of the jam

In spite of successive efforts, no funding plan has been implemented which serves to address the persistent problems of Colorado’s streets, roads & highways in an effective, long term manner.

It is a huge problem and will persist unless over 5 or 10 years we shift money collected from state and local general sales taxes to a new sales tax on motor fuels, reducing general sales taxes by a like amount.

The focus on devising and implementing funding and tax strategies usually focuses more upon the cost of fuel and overlooks the cost of driving. As do most states, Colorado uses millions of dollars from taxes derived from general sales and property taxes and other taxes and revenues which are unrelated to the use and operation of a motor vehicle, i.e., driving, to subsidize the cost of our streets, roads & highways.

Statewide, revenues from taxes, fees and assessments which are unrelated to the use, and ownership of motor vehicles, are used to subsidize the cost of driving by over 70%. This subsidy influences driving habits and vehicle choices across the state, mostly in the high population and high growth areas.

In high growth areas of counties and cities, the subsidy of vehicle travel is much higher than the average statewide. In some areas, non-user revenue subsidies exceed 90%. This means that in some such counties, cities and towns, over $.90 cents of every dollar is derived from a tax or fee unrelated to any use and operation of motor vehicles. This robs conserving drivers of their full savings and rewards waste.

The enormity of this subsidy is significant. It represents the largest expense to local governments and ultimately, the taxpayers. It demands a reconsideration of the current general sales tax based proposal of HB 1242 for several reasons:

- It deprives drivers who use a efficient vehicle, especially one who also uses trip planning to reduce the vehicle miles traveled, of any ability to capture the full value of the savings to which they're entitled. In high-growth heavily subsidized areas the savings of driving the high-mileage vehicle, half the distance - is only half the amount which is not subsidized - that is $.05 cents - a nickel - not the $.50 cent saving per dollar the driver should save! The wasteful driver is rewarded, use of fuel and travel is stimulated.

The wasteful driver is rewarded as the system provides no meaningful incentive to change, at great cost to us all. The better strategy has no inescapable penalty. It directly rewards better practices overall.

The upside down nature of our funding practices — i.e., subsidizing the cost of driving, creates the unintentional consequence of damage to roads & highways by stimulating growth of vehicle miles traveled by a heavier, less fuel efficient fleet, and the resulting pollution due to that and the gridlock on our streets, roads & highways. It has penalized drivers of savings they should be able to capture and apply to their other needs and uses, and rewards problematic driving practices.

What to do:

1. Index the HUTF funds to increases in cost of living & in costs of construction. In all other respects, absent special circumstances requiring special reconsideration and legislative action, do nothing.
2. Adopt a statewide .03% sales tax based upon the actual sale price of motor fuels at the pump, inclusive of all other costs & taxes included in the price at the pump. Apportion .02% per HUTF formula, .01% to the state.

3. Commence a phased in shift of state and local general sales tax revenues presently used to pay for roads and streets to fuel taxes while reducing the general sales tax rate by the amount shifted to a fuel tax. This provision should allow for regional governments to address issues of local jurisdiction over local sales taxes in particular in air quality non-attainment areas, cooperatively, for planning purposes.

4. In areas heavily reliant upon sales and other taxes paid by tourists, local governments, w/the approval of their voters, shall be allowed to provide some measures as rebates for local year-round residents and workers if deemed necessary, so long as the area meets air quality regulations.

5. Other state & local registration and other local fees should be adjusted to account for weight and fuel mileage as the respective taxing authorities deem necessary to meet state and local needs.

6. Contiguous local areas within different counties, should be permitted to develop transportation districts and planning, specific to their common needs and local issues if not presently permitted.

Objectives:

By recognizing differing characteristics of our large and diverse population distribution and densities, more targeted and appropriate taxing strategies that properly account for the differing factors of vehicle choices and travel characteristics required in the different areas across the state, fuel costs should trend towards a more even price for fuels between urban, rural and high growth areas of otherwise rural counties of greater or smaller geographic size and lower population densities than in high population areas.

It makes no sense that fuels are least expensive in areas of highest pollution and vehicle miles traveled, and highest in areas w/fewer or no options other than the driving greater distances for personal and business purposes require. What to do:

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When we consider the fundamental failure of simply throwing ever more dollars at building more new infrastructure when we are unable to care for the existing it should be imperative to look deeper to causes and effects and by collecting and taxing existing revenues in ways that create new markets that reward better driving habits, reduce congestion and wear & tear on the roadways.

The T-rex project was supposed to solve the south I-25 congestion is a great example. The huge expansion of that section only showed that it does no good to move more traffic onto suburban roads that cannot accept and efficiently distribute more traffic delivered by expanded major highways and roads onto local roads which lack the capacity to do that job. Anyone driving that highway notices the enormous cues of vehicles waiting to exit onto local streets and roads which are just unable receive and distribute them.
I urge the legislature to reconsider using the traditional tax concepts which only make matters worse for everyone except perhaps, the bond traders & investors who pocket millions of dollars we Coloradans could better use to apply directly to our great needs than to the lesser needs of financiers.

We need a thoughtful, creative new approach that creates new markets to allow drivers and commerce and to reward themselves by providing more choices and rewards to drivers and businesses dependant upon a great road system.

We already spend millions of dollars in ways that only make roads worse and rob drivers of greater rewards for using best practices. The legislature should not do more to reward the worse practices.

Shifting general revenues directly to a motor fuels sales tax would save drivers money over the long term, and would also serve to keep basic oil prices lower. Rewarding best practices would lower or at least tend to slow growth in demand for fuel and positively impact an entire spectrum of problems and other costs that are stimulated by our current system of subsidizing the cost of driving.

The enormous subsidy of the full, true cost of driving can easily be determined by reviewing the summaries of expenses found in two databases maintained and published by the Colorado Dep’t. of Transportation: “The City & County Statistical Reports”, and by the Dep’t of Local Affairs: The Local Government Financial Compendium”. Both of these contain a breakdown of income sources & use of state & local funds, taxes and fees which can be analyzed easily using electronic spreadsheet data.

In conclusion:

While there is a clear need for new revenues, the greatest need is to first; develop and put in use a new funding strategy.

The real needs of infrastructure will be better met by a better tax strategy. Most important – by setting in motion a shift away from regressive general sales taxes as the source of the huge amounts of money already being collected and applied to roads - to a user fee sales tax collected at the pump, phased in over some term of several years while reducing the general sales taxes in the amount used for roads.

Increasing taxes on motor fuels at the pump will also generate demand for more fuel efficient vehicles upon vehicle manufacturers, which in turn will serve to moderate growth in demand – and in the base price of the product on the oil markets, thereby lessening total costs to drivers over the long term. More fuel efficient vehicles are generally lighter weight which in turn lessens wear on roads caused by miles traveled of a heavier vehicle fleet.

The smarter taxing strategy serves to lower costs and reward better practices/driving habits. It sets a cascade of more manageable costs and consequences of automotive use - into motion. Fun intended.

The old oil filter commercial comes to mind: “pay me (a little) now, or pay me (lots more) later” Drivers already pay more than we realize already! Let’s not pay lots more, let’s pay less down the road!

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