



To: Managers, Clerks, Finance Directors
From: Bev Stables, Legislative and Policy Advocate
Date: September 17, 2025
Subject: Highway User Tax Fund Revenue Estimates

Each year, the CDOT Office of Financial Management and Budget (OFMB) forecasts expected revenues in the Highway Users Tax Fund (HUTF) for upcoming years. CML uses these HUTF forecasts to assist municipalities in developing their annual road and bridge budgets. We and the OFMB also utilize updated information from the Department of Revenue on lane miles, bridge deck area, vehicle miles traveled, and vehicle registrations. The OFMB team maintains an annual revenue model, which is updated each quarter to help better predict future revenues. In addition to Department of Revenue information, OFMB uses national economic performance indicators, state population and demographic data, forecasted and aggregated annual interest rates on new car loans and retail gasoline prices, and estimated vehicle costs to inform the model.

HUTF Annual Revenue Forecast – 2026

The Highway Users Tax Fund (HUTF) is made up of state-levied taxes and fees associated with the operation of motor vehicles in Colorado. The State Treasurer distributes HUTF proceeds to CDOT, the Colorado State Patrol, the Department of Revenue, counties, and municipal governments according to statutory formulas and annual appropriations. The following table compares the FY 2024-25 budgeted amounts with the current forecast for CDOT's Highway Users Tax Fund (HUTF) revenue. Despite consistent increases in vehicle miles traveled on the roadways, the state's overall fuel tax revenue has been stagnant/slightly declining over the last few years. This may be due to some combination of increasing fuel efficiency across the fleet and the accelerating adoption of electric vehicles. While overall HUTF distributions are expected to annually increase over the forecast period, CDOT anticipates first stream revenue to continue decreasing. This is due to off-the-top appropriations to the Department of Public Safety. Off-the-top appropriations are made before formula distributions, and they come out of first stream revenue. These appropriations are growing at a faster rate than overall HUTF revenue growth. There is a significant dip in the FASTER Road Safety Surcharge due to changes in the fee rates from SB [25-258](#). The revenue distribution between CDOT and local governments was adjusted to concentrate most of the impact from this bill within CDOT.

Revenue Source	FY 2024-25	FY 2025-26	FY 2026-27
Motor Fuel Taxes	\$634.6	\$637.6	\$640.8
Vehicle Registration Fees	\$234.4	\$242.4	\$254.2
FASTER Collections	\$230.2	\$216.6	\$216.8
Road Usage Fee	\$117.2	\$147.2	\$177.6
Miscellaneous Collections	\$32.3	\$32.3	\$32.3
Retail Delivery Fee	\$23.0	\$25.7	\$28.6
Statewide HUTF Revenue	\$1,271.7	\$1,301.9	\$1,350.3

Source: Colorado Department of Transportation

Estimates for each municipality are attached. Please remember that these are only estimates based on the Colorado Department of Transportation's revenue projections.

Statewide HUTF Revenue - Forecasted Distribution by Recipient (millions)

Recipient	FY 2024-25	FY 2025-26	FY 2026-27
Off-the-Top Appropriations	\$213.2	\$225.7	\$238.9
CDOT	\$644.2	\$646.6	\$665.1
DNR Capital Construction	\$0.3	\$0.3	\$0.3
Counties	\$239.8	\$247.2	\$255.6
Municipalities	\$174.2	\$182.1	\$190.3
Total HUTF Distributions	\$1,271.7	\$1,301.9	\$1,350.3

Source: Colorado Department of Transportation

Changes to CDOT Revenue in Current Fiscal Year (millions)

Revenue Source	FY 2024-25 Budgeted	FY 2024-25 Q4 Forecast Variance	Variance
First Stream	\$129.2	\$116.1	-\$13.1
Second Stream	\$373.8	\$375.7	\$1.9
FASTER	\$140.4	\$143.1	\$2.7
Retail Delivery Fee	\$8.7	\$9.2	\$0.5
CDOT HUTF Revenue Forecast	\$652.1	\$644.1	-\$7.9

Source: Colorado Department of Transportation

Recent Legislation Impacting CDOT Revenue

Senate Bill 25-257 reduces annual General Fund transfers to CDOT by \$64.0 million in FY 2025-26 and \$49.5 million FY 2026-27. Additionally, this bill repealed annual transfers of \$7.0 million to the Department's Revitalizing Main Streets program. These reductions are shown in the following table. This bill increases General Fund transfers in future years to offset this impact.

FY 2025-26 Figure Setting Decisions (millions)

General Fund Transfers	FY 2024-25	FY 2025-26
General Fund Transfers Under Current Law	\$107.0M	\$107.0M
General Fund Transfers Under SB 25-257	\$32.2M	\$50.5M
Decrease to CDOT General Fund Revenue	(\$74.8M)	(\$56.5M)

Source: Colorado Department of Transportation

Additionally, Senate Bill 25-258 will temporarily reduce the Road Safety Surcharge by \$3.70 for all weight classes. This is expected to reduce statewide revenue by approximately \$17.6 million in FY 2025-26 and \$21.3 million FY 2026-27. This bill adjusted the FASTER distribution formula to minimize the revenue impact on counties and municipalities.

Highway User Tax Fund Background

The revenue that flows through the HUTF includes state-levied taxes and fees associated with the operation of motor vehicles in the state. The State Treasurer distributes the HUTF proceeds between CDOT, other state agencies, counties, and municipal governments according to statutory formulas and annual appropriations.

Motor Fuel Tax Collection. Motor fuel taxes are currently the state's primary source of transportation revenue. Colorado has an excise tax of 22 cents per gallon for gasoline and 20.5 cents for diesel and special fuel.

Vehicle Registration Fees. The state collects several different fees at the time of vehicle registration. Age-based fees and weight-based fees are both deposited directly into the HUTF. The state also assesses a \$50 annual fee on plug-in hybrid and battery-electric vehicles. Of this fee, 60 percent is allocated to the HUTF, and 40 percent is allocated to the Electric Vehicle Grant Fund in the Colorado Energy Office. As noted above, this fee will continue to increase with inflation. Fees are distributed through the HUTF.

- **Age and weight-based vehicle registration fees** – These are annual registration fees that vary based on the age and weight of a vehicle.
- **Plug-in Electric Motor Vehicle Registration Fee** – The state currently assesses an annual registration fee on plug-in hybrid electric vehicles and battery electric vehicles. Of this fee, 60 percent is allocated to the HUTF and 40 percent is allocated to the Electric Vehicle Grant Fund in the Colorado Energy Office. This fee began annually increasing with inflation in FY 2022-23.
- **Electric Vehicle Road Usage Equalization Fee** – Senate Bill 21-260 imposed an additional registration fee on plug-in electric vehicles. Fees on passenger vehicles will be phased in through FY 2031-32. Beginning in FY 2032-33, the fee for passenger vehicles will be annually adjusted for inflation using the National Highway Cost Construction Index.
- **Commercial Electric Vehicle Fees** – In lieu of the regular equalization fee, electric commercial vehicles will pay an annual registration fee based on weight. Beginning in FY 2023-24, this fee will be annually adjusted for inflation based on the National Highway Cost Construction Index.

FASTER Revenue. In 2009, the General Assembly passed SB09-108, also known as the Funding Advancements for Surface Transportation and Economic Recovery (FASTER) Act. This bill created new motor vehicle fees, fines, and surcharges to fund road, bridge, and public transit projects. The Road Safety Surcharge applies to every registered vehicle, ranging between \$16 and \$39, depending on the vehicle. The amount of the Road Safety Surcharge is set in statute (§43-4-804(1) C.R.S.). Senate Bill 25-258 temporarily reduces the Road Safety Surcharge by \$3.70 for all weight classes.

FASTER also established a late registration fee, which is charged when a motor vehicle is registered after a one-month grace period of its annual registration date. The cost is \$25 for each month the vehicle registration is late, up to \$100. The county office that collects the late registration fee retains \$10 of the fee. FASTER revenue also includes the daily vehicle rental fee and overweight vehicle surcharges.

Road Usage Fee. SB21-260 created the road usage fee, assessed on each gallon of gasoline and diesel in addition to the motor fuel tax. This fee will be phased in according to a fee schedule between FY 2022-23 and FY 2031-32. After 2033, this fee will be annually adjusted for inflation based on the National Highway Cost Construction Index. The state began collecting revenue from this fee in April 2023.

Miscellaneous Collections. This category includes revenue from traffic penalties and judicial collections, interest earnings, and various cash program revenues.

Retail Delivery Fees. SB21-260 imposed new fees on retail deliveries that are subject to the state sales tax. These fees are assessed by the state, the Statewide Bridge and Tunnel Enterprise, and four new enterprises created in the bill and are collected by the retailer from the purchaser. The table below shows the initial fee rates. These fees will be adjusted for inflation in subsequent years based on the Denver-Aurora-Lakewood Consumer Price Index. The state’s share of this revenue is distributed to the HUTF and the Multimodal Transportation and Mitigation Options Fund. SB23-143 created an exemption from the fees for businesses with retail sales less than or equal to \$500,000 in the prior year.

Retail Delivery Fees	FY25-26 Fee Rate
Community Access Retail Delivery Fee	5.6 cents / delivery
Clean Fleet Retail Delivery Fee	5.8 cents / delivery
Clean Transit Retail Delivery Fee	3.3 cents / delivery
General Retail Delivery Fee	9.3 cents / delivery
Bridge and Tunnel Retail Delivery Fee	3 cents / delivery
Air Pollution Mitigation Retail Delivery Fee	0.7 cents / delivery
Total Retail Delivery Fee	28 cents / delivery

Source: Colorado Department of Transportation

HUTF Revenue Distribution

HUTF revenue is allocated based on different statutory formulas, described below.

First Stream Revenue. First stream HUTF revenue consists of the following:

- Proceeds from the first \$0.07 of fuel excise taxes;
- Vehicle license plate, identification plate, and placard fees;
- Driver license, motor vehicle title and registration, and motorist insurance identification fees;
- Proceeds from the passenger-mile tax levied on commercial bus services; and
- Interest earnings.

After “off-the-top” appropriations are made to the Colorado State Patrol and the Department of Revenue, 65 percent of first stream revenue is distributed to CDOT, 26 percent is allocated to counties, and 9 percent is distributed to municipalities.

Second Stream Revenue. Second stream HUTF revenue consists of motor fuel taxes in excess of the first \$0.07 and age-based registration fees. Of this revenue, 60 percent is distributed to CDOT, 22 percent to counties, and 18 percent to municipalities.

FASTER Revenue. FASTER revenue includes the fees, surcharges, and fine revenues SB09-108 authorized. Of this revenue, \$15.0 million is set aside for spending on transit projects, and the remaining funding is distributed using the same formula as second stream revenue, with municipalities receiving 18 percent.

Road Usage Fees. Revenue from these fees, established by SB21-260, is distributed to the HUTF using the same formula as second stream revenue, with municipalities receiving 18 percent.

Retail Delivery Fee. Of the revenue generated from the state's portion of the Retail Delivery fee, established by SB21-260, 71.1 percent is distributed to the HUTF, and 28.9 percent is distributed to the Multimodal Transportation and Mitigation Options Fund. Of the revenue deposited in the HUTF, 40 percent is paid to the State Highway Fund, 33 percent is paid to counties, and 27 percent is paid to municipalities. Revenue from the Retail Delivery Fee may be used for transit-related projects needed to integrate different transportation modes.

Municipal Share. Each municipality receives a share of the municipal portion of the HUTF based on a formula that considers the number of vehicles registered and the center line miles of streets in each municipality relative to the same data in other municipalities. Generally, 80 percent of the distribution is based on the number of vehicles registered and 20 percent on the center line miles of streets in a community. Each municipality's percentage share is recalculated annually in July and is based on:

- previous year's vehicle registration figure as certified by the Department of Revenue to the State Treasurer; and
- previous year's miles of open, used, and maintained streets as certified to the Treasurer by CDOT, who uses data from each entity's Annual Certification of Condition and Mileage Report (Section 43-4-208, C.R.S.).

Required Annual Reports

As a condition of continuing to receive monthly HUTF payments, state law requires that municipalities annually submit two reports: the Certification of Condition and Mileage Report (due March 1) and the Annual Receipts and Expenditures Report (due June 30). If these reports are not provided to the state in a timely manner, by statute (43-4-209, C.R.S.), a jurisdiction's HUTF payments will be withheld for up to six months or until the reports have been provided to the state. After six months, if the reports have not been provided, a municipality's withheld HUTF payments will be paid to your county.

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Please contact Bev Stables bstables@cml.org if you have questions. This memorandum is also available on the CML website.