



Transportation Maintenance Fee, City of Boulder, Colorado

The City of Boulder, CO set in the foothills of the Rocky Mountains, has been called the #1 sports town in America by *Outside* magazine. Its approximately 107,000 residents enjoy hundreds of miles of hiking and biking trails and some of the nation's best rock climbing. Home to the University of Colorado and many Federal research labs, the City is an entrepreneurial and "foodie" community with thriving tech and natural food industries.

Financing Challenges and Indicative Solution Options

The City's transportation system is faced with stagnating revenue and increased costs. While currently funded by a dedicated sales tax, this tax is unpredictable and varies with the economic climate. As a result, transportation revenue has decreased by almost 40 percent since 2002, while the cost of materials like asphalt, concrete, and fuel have escalated. Without new, long-term funding, the City will not have enough money to maintain current transportation services and complete its core system.

The City's Blue Ribbon Commission has recommended diversifying transportation funding sources. A Transportation Maintenance Fee (TMF) has emerged as the most equitable, effective solution because it is based on usage and would apply to everyone who uses the transportation system.

Other options all had drawbacks. The runner-up solution was a transportation tax also based on usage but applied like an excise tax. Large tax-exempt institutions like the Boulder Valley School District, University of Colorado, and Federal labs would not pay the tax, and everyone else would be charged approximately 12 percent more to compensate. While it would be highly flexible in terms of how the revenue is spent, it would be less flexible in adjusting for cost increases and inflation.

Another option was an occupation privilege tax or head tax imposed on employees or employers. With approximately 100,000 people working in Boulder, an annual tax of \$25 each would generate an estimated \$2.5 million in annual revenue, and a \$56 tax would provide \$5.6 million. However, the tax would fall solely on residents who work in the City or commute into it, while residents who work outside the City would be exempt. The third option was to increase the existing 0.6 percent transportation sales tax or implement a general sales tax increase, but this did not solve the problem of unpredictable sales tax revenue.

The TMF is just one piece of the puzzle and would work with existing and future financial strategies to support the City's short-term and long-range transportation system. These strategies are part of an update the City is making to its Transportation Master Plan.

TMF

A TMF is the recommended solution to diversifying the City's transportation maintenance funding for many reasons. It provides a stable, ongoing source of local revenue that can be



indexed to inflation. It ensures fairness because it applies to everyone who uses the transportation system—including those who walk or bike. It can help alleviate traffic by incorporating incentives, such as discounts and rebates, to encourage programs and policies that reduce vehicle trips. Additionally, it is already legally approved as it was ruled a legitimate financing mechanism in Colorado in 1989.

This solution also would pay for specific transportation operations and maintenance work, such as pavement upkeep, and could potentially cover traffic signals, bikeways, sidewalks, medians, street sweeping, snow and ice removal, graffiti removal, resurfacing, and pothole repair. In addition, it could be designed to maintain transit service and programs, such as Eco Pass, along with system enhancements.

The TMF would be charged to commercial and residential property owners through monthly utility bills, based on their approximate number of daily trips. To determine this, a trip generation model developed by the Institute of Transportation Engineers would be used. Residential properties would have a flat fee that corresponds to the revenue needed. For instance, to raise \$2.5 million per year, households would pay approximately \$3 per month; to raise \$5.6 million per year, they would pay \$6.67 per month. For commercial properties, the fee would be based on square footage or acreage, taking into account the property's classification (industrial, institutional, retail, high-traffic retail, or miscellaneous). Because commercial usage is taxed, the TMF would also account for commuters coming into the City.

Primarily used to fund road maintenance, the TMF is a proven success. It was first implemented in Oregon in the 1980s, and is being used in smaller cities in Washington, Idaho, Utah, Texas, Missouri, Florida, and Colorado.

Sources: [City of Boulder, Colorado](#)
[Boulder Colorado – Explore Boulder](#)
[Boulder Colorado – Outdoor Recreation in Boulder](#)