

FY 2026-29 Budget Briefing Summary

Department of Transportation

The Colorado Department of Transportation manages the construction, maintenance, and operation of the state’s highway system and other forms of transportation, including aviation, rail, and transit. The Department’s FY 2025-26 appropriation represent approximately 0% of statewide General Fund appropriations.

Summary of Request

Department of Transportation

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2025-26 Appropriation						
SB 25-206 (Long Bill)	\$2,273,396,013	\$0	\$1,449,032,151	\$5,181,756	\$819,182,106	3,328.5
Total	\$2,273,396,013	\$0	\$1,449,032,151	\$5,181,756	\$819,182,106	3,328.5
FY 2026-27 Requested Appropriation						
FY 2025-26 Appropriation	\$2,273,396,013	\$0	\$1,449,032,151	\$5,181,756	\$819,182,106	3,328.5
Revenue forecast adjustments:						
Local Transit and Rail	\$52,144,840	\$0	\$52,144,840	\$0	\$0	0.0
Bridge and Tunnel Enterprise	17,792,289	0	24,735,781	0	-6,943,492	0.0
MMOF	5,755,167	0	5,755,167	0	0	0.0
Air Pollution Enterprise	2,696,954	0	2,696,954	0	0	0.0
CM&O	-69,328,668	0	-37,263,245	0	-32,065,423	0.0
Clean Transit Enterprise	-34,796,917	0	-34,796,917	0	0	0.0
High Performance Enterprise	-6,246,770	0	-3,796,770	-2,450,000	0	0.0
Fuels Impact Enterprise	0	0	0	0	0	0.0
Subtotal: Revenue forecast adjustments	-31,983,105	0	9,475,810	-2,450,000	-39,008,915	0.0
Offsetting adjustments:						
Employee comp common policies	0	0	0	0	0	0.0
Operating common policies	0	0	0	0	0	0.0
Impacts driven by other agencies	0	0	0	0	0	1.2
Subtotal: offsetting adjustments	0	0	0	0	0	1.2
Prior year actions	500,000	0	500,000	0	0	0.0
Change requests:						
R1 MMOF spending authority	29,237,737	0	29,237,737	0	0	0.0
Total	\$2,271,150,645	\$0	\$1,488,245,698	\$2,731,756	\$780,173,191	3,329.7
Increase/-Decrease	-\$2,245,368	\$0	\$39,213,547	-\$2,450,000	-\$39,008,915	1.2
Percentage Change	-0.1%	0.0%	2.7%	-47.3%	-4.8%	0.0%

Revenue adjustments (FY 2026-27 revenue forecast compared to FY 2025-26 forecast)

Local Transit and Rail Grant Programs: CDOT forecasts an increase of \$52.1 million in revenue for cash funds supporting local transit and rail programs (Local Transit Grant Program Cash Fund, Local Transit Operations Cash Fund, and the Rail Funding Program Cash Fund). The anticipated increase is due to increased revenues from oil and gas production fees (S.B. 24-230), and the enterprise no longer being subject to Proposition 117.¹

Bridge and Tunnel Enterprise (BTE): CDOT's current forecast of revenue from the Bridge Safety Surcharge, Bridge and Tunnel Impact Fee, Bridge and Tunnel Retail Delivery Fee, and other sources (miscellaneous enterprise revenue, Federal Highway Administration transfer from CDOT) is projected to increase by \$17.8 million due to an increase in the Bridge and Tunnel Impact Fee (S.B. 25-230) and an inflationary increase to the BTE's Retail Delivery Fee.

Multimodal Transportation and Mitigation Options Fund (MMOF): CDOT's revenue forecast projects an increase of \$5.8 million to the MMOF. Of the revenue to this fund, 85 percent is granted out to local entities and 15 percent is retained by the state for Bustang operations.

Nonattainment Area Air Pollution Mitigation Enterprise (NAAPME): CDOT estimates the Nonattainment Area Air Pollution Mitigation Enterprise (also called the Air Pollution Enterprise) will collect \$2.7 million more from retail delivery and ridership fees. The increases are due to inflationary fee adjustments to the retail delivery and rideshare fees, and interest earnings.

CM&O (Construction, Maintenance, and Operations): The budget request reflects an anticipated \$69.3 million net revenue decrease for Construction, Maintenance, and Operations due to S.B. 25-257 (Modify General Fund Transfers to the State Highway Fund), which reduced General Fund transfers to the Department via the State Highway Fund, and S.B. 25-258 (Temporarily Reduce Road Safety Surcharge), which reduced the Road Safety Surcharge by \$3.70 between September 2025 and August 2027.

Clean Transit Enterprise (CTE): CDOT estimates that revenue for the Clean Transit Enterprise will decrease by \$34.8 million. This is a base revenue adjustment.

High Performance Transportation Enterprise (HPTE): Revenues from toll penalty violations, congestion impact fees (S.B. 24-184), service charges, and managed lane revenue is projected to decrease by \$6.2 million due to changes to the Congestion Impact Fee and penalty revenue forecasts, and a decrease in the Fee for Service from CDOT².

Fuels Impact Enterprise (FIE): Revenue from the Fuels Impact reduction fee (created by S.B. 23-280) will remain at \$15 million because the enterprise is limited to \$15 million in revenue for its first five years of operation.

Offsetting Revenue Allocation Adjustments

The request reflects offsetting adjustments that move expenditures from one division to another without altering the Department total. The FY 2026-27 request includes an increase of \$8.7 million cash funds for Administration, which will be offset by a reduction to Construction, Maintenance, and Operations (CM&O).

¹ [Proposition 117](#) amended Colorado statute to require voter approval for new state enterprises if the enterprise revenue collected from fees over its first five years exceeds \$100 million. Starting in FY 2026-27, CTE's revenue will no longer be restricted to \$100 million. Fees are set quarterly based on spot prices for oil and gas, and may fluctuate throughout a fiscal year.

² CDOT pays the HPTE through a Fee for Service Intra-Agency Agreement (IAA) for specialized services.

These offsetting expenditures include total-compensation and other common policy changes and non-prioritized requests originating in other departments. Details are shown in the tables below.

Employee compensation common policies in Administration: The request includes a net increase of \$1.4 million in cash funds for employee compensation common policies. A common policy refers to general policies applied consistently to all departments. To pay for the increase, revenue allocated to CM&O is reduced by the same amount.

Employee compensation common policies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Employee compensation costs [1]	\$1,373,997	\$0	\$1,373,997	\$0	\$0	0.0
Offsets in CM&O	-1,373,997	0	-1,373,997	0	0	0.0
Total	\$0	\$0	\$0	\$0	\$0	0.0

[1] Includes adjustments for: salary survey; health, life and dental; step plan; PERA direct distribution; short-term disability; unfunded liability amortization payments; and paid family and medical leave insurance.

Operating common policies in Administration: The request includes a net decrease of \$6.3 million cash funds to Administration for the following operating common policy adjustments. This increases the revenue for CM&O by the same amount.

Operating common policies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Operating common policy increases:						
Risk management & property	-\$6,443,445	\$0	-\$6,443,445	\$0	\$0	0.0
State accounting system (CORE)	98,608	0	98,608	0	0	0.0
Workers' compensation	62,757	0	62,757	0	0	0.0
Legal services	51,236	0	51,236	0	0	0.0
Office of Information Technology services	-25,464	0	-25,464	0	0	0.0
Capitol Complex leased space	7,998	0	7,998	0	0	0.0
Administrative law judge services	-3,446	0	-3,446	0	0	0.0
Subtotal: operating common policies	-6,251,756					
Offsets in CM&O	6,251,756	0	6,251,756	0	0	0.0
Total	\$0	\$0	\$0	\$0	\$0	0.0

Impacts driven by other agencies in Administration: The request includes a net increase in \$31,910 cash funds in Administration and a corresponding decrease in cash funds from CM&O to account for requests from other state agencies. These are also called "non-prioritized requests." The amount shown in the table below applies only to this department and does not necessarily reflect the total value of the request.

Impacts driven by other agencies

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Non-prioritized requests:						
NP IT accessibility	\$203,122	\$0	\$203,122	\$0	\$0	1.2
NP IT operating offset	-201,401	0	-201,401	0	0	0.0
NP State accounting system (CORE) staff	98,021	0	98,021	0	0	0.0
NP IT efficiencies	-84,560	0	-84,560	0	0	0.0
NP Statewide enable AI	12,458	0	12,458	0	0	0.0

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
NP3 SB24-205 AI compliance	4,270	0	4,270	0	0	0.0
Subtotal: non-prioritized requests	31,910	0	31,910	0	0	1.2
Offsets in CM&O	-31,910	0	-31,910	0	0	0
Total	\$0	\$0	\$0	\$0	\$0	1.2

Prior year actions: The request includes a net increase of \$500,000 from the Marijuana Tax Cash Fund related to a one-time balancing action in FY 2025-26.

Prior year actions

Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Statewide R7 MTCF balancing	\$500,000	\$0	\$500,000	\$0	\$0	0.0
Total	\$500,000	\$0	\$500,000	\$0	\$0	0.0

Fiscal Year 2026-27 Change Requests

R1 Spending authority for multimodal transit fund: The department requests cash fund spending authority for the Multimodal Transportation and Mitigations Options Fund (MMOF) to align with the fund’s forecasted balance.

Year 1: The total requested appropriation is \$55.6 million in cash fund spending authority for FY 2026-27.

The MMOF was created by S.B. 18-001 (Transportation Infrastructure Funding) and expanded in S.B. 21-260 (Sustainability of the Transportation System). The MMOF is funded through General Funds transferred in S.B. 18-001, federal State and Local Fiscal Recovery Funds (SLFRF) allocated through S.B. 21-260, and revenues from the Retail Delivery Fee. Statute requires 85% of MMOF funds to be granted to local transit projects, and 15% is retained by CDOT for statewide multimodal transit projects. Appropriations made to the MMOF through previous legislation was available for a five-year period (the initial appropriation plus roll forward authority). The Department’s original appropriations lapsed at the end of Fiscal Year 2025, and the MMOF program has lost access to a portion of its fund balance. Most funds have been awarded to local projects, and are currently in progress through FY 2027-28. Senate Bill 25-264 (Cash Fund Transfers to the General Fund) transferred \$71.4 million *from* the MMOF to the General Fund, which has impacted local agencies’ transit project planning and timelines. The Department is requesting a total appropriation of \$55.6 million to allow the Department to access the full fund balance of the MMOF to distribute new revenues and move forward with existing awarded projects.

Issues Presented

This is a summary of the briefing issues presented to the Joint Budget Committee by their dedicated non-partisan staff.

Budget Reduction Options: Department of Transportation did not submit any budget balancing proposals for FY 2026-27. The Department did not receive any General Fund appropriation for FY 2025-26. This Governor’s Budget Request Letter for 2026-27 included a proposal to reclassify aviation revenue as exempt from the TABOR cap. This issue brief reviews this proposal and additional options identified by staff.

CDOT Enterprises: CDOT has five enterprises that are an increasing source of revenue for the Department. This issue brief provides an overview of each enterprise, including how they were created, how they generate revenue, and what projects they fund with revenues they collect from fees and surcharges.

For More Information

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To read the entire briefing: Go to leg.colorado.gov/content/budget/budget-documents to use the budget document search tool. Select this department's name under Department/Topic, "Briefing" under Type, and select a Start date and End date to show documents released in November and December of 2025.