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Colorado General Assembly

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MEMORANDUM

TO: Jon Caldara and Mike Krause
FROM: Legislative Council Staff and Office of Legislative Legal Services
DATE: February 21, 2018
SUBJECT: Proposed initiative measure #149, concerning authorize bonds for transportation projects

Section 1-40-105 (1), Colorado Revised Statutes, requires the directors of the Colorado Legislative Council and the Office of Legislative Legal Services to "review and comment" on initiative petitions for proposed laws and amendments to the Colorado constitution. We hereby submit our comments to you regarding the appended proposed initiative.

The purpose of this statutory requirement of the directors of Legislative Council and the Office of Legislative Legal Services is to provide comments intended to aid proponents in determining the language of their proposal and to avail the public of knowledge of the contents of the proposal. Our first objective is to be sure we understand your intent and your objective in proposing the amendment. We hope that the statements and questions contained in this memorandum will provide a basis for discussion and understanding of the proposal.

This initiative was submitted with a series of initiatives including proposed initiatives 2017-2018 #148 and #150. The comments and questions raised in this memorandum will not include comments and questions that were addressed in the memoranda for proposed initiatives 2017-2018 #148 and #150, except as necessary to fully understand the issues raised by the revised proposed initiative. Comments and questions addressed in those other memoranda may also be relevant, and those questions and comments are hereby incorporated by reference in this memorandum. Only new comments and questions are included in this memorandum.

In addition, earlier versions of this proposed initiative, proposed initiatives 2017-2018 #21 to #22, were the subject of memoranda dated April 4, 2017, which were discussed at public meetings on April 7, 2017. The substantive and technical comments and questions raised in this memorandum will not include comments and questions that were addressed at the earlier meetings, except as necessary to fully understand the issues raised by the revised proposed initiative. However, the prior comments and questions that are not restated here continue to be relevant and are hereby incorporated by reference in this memorandum.

Purposes

The major purposes of the proposed amendment to the Colorado Revised Statutes appear to be:

1. Without raising taxes, to authorize the department of transportation to issue revenue anticipation notes in a maximum amount of \$3.5 billion, with a repayment cost of \$5.2 billion and a repayment term of 20 years, to be used exclusively for road and bridge expansion, construction, maintenance, and repair of the listed projects but not for transit, administration, or indirect costs and expenses;
2. Without raising taxes or fees, to require the general assembly to identify and appropriate sufficient funds out of the state budget for the repayment cost of the revenue anticipation notes issued by the department of transportation until the notes are paid in full;
3. To exclude the proceeds of the revenue anticipation notes from state fiscal year spending limits;
4. To specify the projects for which the revenue anticipation note proceeds may be expended; and
5. To specify that the distributed proceeds are in addition to other money appropriated for road and bridge expansion, construction, maintenance, and repair, and that the executive branch may not transfer the proceeds for other programs or purposes.

Substantive Comments and Questions

The substance of the proposed initiative raises the following additional comments and questions:

1. The legislative declaration, proposed section 43-4-1102 (1)(b), states that the principal and interest on the notes should be paid "out of the state budget." What is meant by that phrase? Does it mean the notes should be paid from funds currently allocated in the state budget?

Technical Comments

The technical comments set forth in the review and comment memorandum on proposed initiative 2017-2018 #148 are applicable to proposed initiative 2017-2018 #149 and, as such, will not be repeated. There are no new technical comments for this memorandum.