



Senate Bill 18-001, Concerning Transportation Infrastructure Funding

By Greg Sobetski

Senate Bill 18-001, enacted during the 2018 legislative session, is a significant piece of transportation funding legislation. SB 18-001 commits state General Fund revenue for transportation projects and establishes financial mechanisms to address the passage or failure of transportation-related ballot measures. This *issue brief* summarizes the most important features of this law.

Different provisions of SB 18-001 take effect depending on the outcome of elections in 2018 and, potentially, 2019. Figure 1 illustrates the law's conditional provisions and the circumstances under which they take effect.

Fixed Transfers

SB 18-001 commits state General Fund revenue for transportation in FY 2018-19 and FY 2019-20.

FY 2018-19. A total of \$495 million is transferred from the General Fund as follows:

- \$346.5 million to the State Highway Fund;
- \$74.25 million to county and cities; and
- \$74.25 million to the Multimodal Transportation Options Fund.

FY 2019-20. A total of \$150 million is transferred from the General Fund as follows:

- \$105.0 million to the State Highway Fund;
- \$22.5 million to county and cities; and
- \$22.5 million to the Multimodal Transportation Options Fund.

Money allocated to the **State Highway Fund** is spent on state transportation projects selected by the Transportation Commission. Allocations to **local governments** are split in equal shares to counties and cities, and distributed among individual counties and cities according to preexisting statutory formulas. Money allocated to the new **Multimodal Transportation Options Fund** may be expended for state and local multimodal transportation projects at the discretion of the Transportation Commission.

Ballot Outcomes

SB 18-001 includes additional provisions based on the outcomes of two 2018 ballot initiatives, Propositions 109 and 110, and, potentially, a referred 2019 ballot measure. These conditional provisions concern additional General Fund transfers for transportation and the partial repeal of lease-purchase agreements to fund transportation previously authorized in Senate Bill 17-267. For more information on SB 17-267, see [Issue Brief 17-27](#).

Proposition 109. Proposition 109 requires that the state issue \$3.5 billion in Transportation Revenue Anticipation Notes (TRANs) to fund selected highway projects.

Proposition 110. Proposition 110 allows the state to issue up to \$6.0 billion in TRANs to fund highway projects. The measure also increases the state sales and use tax by 0.62 percentage points and allocates the resulting revenue for debt repayment and for state, local, and multimodal projects.

If Proposition 109 is approved, or if both ballot measures are approved, SB 18-001 repeals lease-purchase agreements scheduled to be executed over three years, which would otherwise generate \$1.5 billion for transportation projects. No additional General Fund transfers are authorized beyond those presented in the “Fixed Transfers” section of this issue brief.

If Proposition 109 fails, but Proposition 110 is approved, SB 18-001 leaves current law lease-purchase agreements intact and transfers \$50 million annually from the General Fund to the State Highway Fund for 20 years.

If both ballot measures fail, SB 18-001 refers a transportation funding ballot measure in 2019. The 2019 ballot measure authorizes the issuance of up to \$2.34 billion in TRANs. Proceeds from the debt issuance are credited to the State Highway Fund and the Multimodal Transportation Options Fund. If the 2019 measure is approved, SB 18-001 repeals lease-purchase agreements scheduled to be executed over three years, which would otherwise generate \$1.5 billion for transportation projects. The law also requires annual General Fund transfers of \$122.6 million to the State Highway Fund for 20 years to be used to repay the debt.

If the 2019 measure also fails, SB 18-001 leaves current law lease-purchase agreements intact and transfers \$50 million annually from the General Fund to the State Highway Fund for 20 years.

Figure 1
Funding Contingencies Under SB 18-001

