

**JBC STAFF FISCAL ANALYSIS
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING TRANSPORTATION INFRASTRUCTURE FUNDING, AND, IN CONNECTION THEREWITH, REQUIRING SPECIFIED AMOUNTS TO BE TRANSFERRED FROM THE GENERAL FUND TO THE STATE HIGHWAY FUND, THE HIGHWAY USERS TAX FUND, AND A NEW MULTIMODAL TRANSPORTATION OPTIONS FUND DURING STATE FISCAL YEARS 2018-19 AND 2019-20 FOR THE PURPOSE OF FUNDING STATE AND LOCAL TRANSPORTATION PROJECTS AND TO THE STATE HIGHWAY FUND DURING ANY STATE FISCAL YEAR FROM 2019-20 THROUGH 2038-39 IF NEEDED TO REPAY ANY TRANSPORTATION REVENUE ANTICIPATION NOTES THAT MAY BE ISSUED AS SPECIFIED IN THE BILL AND, IF NO CITIZEN-INITIATED BALLOT MEASURE THAT REQUIRES THE STATE TO ISSUE TRANSPORTATION REVENUE ANTICIPATION NOTES IS APPROVED BY THE VOTERS OF THE STATE AT THE NOVEMBER 2018 GENERAL ELECTION, REQUIRING THE SECRETARY OF STATE TO SUBMIT A BALLOT QUESTION TO THE VOTERS OF THE STATE AT THE NOVEMBER 2019 STATEWIDE ELECTION, WHICH, IF APPROVED, WOULD REQUIRE THE STATE, WITH NO INCREASE IN ANY TAXES OR FEES, TO ISSUE ADDITIONAL TRANSPORTATION REVENUE ANTICIPATION NOTES FOR THE PURPOSE OF ADDRESSING CRITICAL PRIORITY STATE AND LOCAL TRANSPORTATION NEEDS IN THE STATE BY FUNDING TRANSPORTATION PROJECTS; WOULD EXCLUDE NOTE PROCEEDS AND INVESTMENT EARNINGS ON NOTE PROCEEDS FROM STATE FISCAL YEAR SPENDING LIMITS; AND WOULD REDUCE THE AMOUNT OF LEASE-PURCHASE AGREEMENTS REQUIRED BY CURRENT LAW TO BE ISSUED FOR THE PURPOSE OF FUNDING TRANSPORTATION PROJECTS.

Prime Sponsors: Sens. Baumgardner and Cooke
Representative Buck

JBC Analyst: Steve Allen
Phone: 303-866-4961
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Fiscal Impact of Bill as Amended to Date

The most recent Legislative Council Staff Revised Fiscal Note (attached) reflects the fiscal impact of the bill as of 05/04/18.

XXX	No Change: Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill
	Update: Fiscal impact has changed due to <i>new information or technical issues</i>
	Update: Fiscal impact has changed due to <i>amendment adopted</i> after LCS Fiscal Note was prepared
	Non-Concurrence: JBC Staff and Legislative Council Staff disagree about the fiscal impact of the bill

Amendments in This Packet for Consideration by Appropriations Committee

Amendment	Description
None.	

Current Appropriations Clause in Bill

The bill neither requires nor contains an appropriation clause for FY 2018-19. The bill includes FY 2018-19 transfers but does not require an appropriation.

Points to Consider*General Fund Impact*

The Long Bill package included a \$495.0 million FY 2018-19 General Fund set aside for this bill. This corresponds to the \$495.0 million of FY 2018-19 transfers that this bill makes from the General Fund to the State Highway Fund and the Highway Users Tax Fund.

Conditional General Fund Impact

If this bill becomes law and a citizen-initiated ballot measure authorizing the issuance of Transportation Revenue Anticipation Notes (TRANS) passes at the polls in November 2018, *an additional FY 2018-19 expenditure of \$18.4 million General Fund will occur*. This \$18.4 million is *not* covered by the \$495.0 million FY 2018-19 General Fund set aside in the Long Bill package. The appendix on Page 12 of the May 4, 2018 Legislative Council Revised Fiscal Note discusses this \$18.4 million impact. This conditional impact could be reduced or eliminated by modification of the FY 2018-19 Certificates of Participation payment sequencing rules in Section 3 of the current version of the bill. The rules in Section 3 currently specify the following for FY 2018-19, when COP payments are expected to total \$37.5 million:

1. The first \$9.0 million is from the General Fund or any other legally available source.
2. The next \$10.1 million is from the State Highway Fund.
3. The remaining \$18.4 million (= 37.5 - 9 - 10.1 million) is from the General Fund.

As a possible alternative, the following payment sequencing rule for FY 2018-19 would reduce the \$18.4 conditional General Fund impact to \$8.4 million:

1. The first \$9.0 million is from the General Fund or any other legally available source.
2. The next \$20.1 million is from the State Highway Fund.
3. The remaining \$8.4 million (= \$37.5 - 9 - 20.1 million) is from the General Fund.

Another alternative is the following, which would eliminate the conditional \$18.4 General Fund impact for FY 2018-19:

1. The first \$9.0 million is from the General Fund or any other legally available source.
2. The next \$28.5 million is from the State Highway Fund.

Other COP payment sequencing rules are also possible.

Detailed explanation of this conditional General Fund impact, if you want more information: Senate Bill 17-267 permits the issue of \$500 million of Certificates of Participation (COP's) each year for four years starting in FY 2018-19. Maximum annual payments on this \$2 billion of total borrowing can't exceed \$150 million. Under the rules of S.B.17-267 the \$150 million of annual payments comes from the following sources:

1. The first \$9.0 million is from the General Fund or any other legally available source.
2. The next \$50.0 million is from the Colorado Department of Revenue's (CDOT's) State Highway Fund.
3. The remainder (\$91.0 = 150-9-50 million) is from the General Fund or any other legally available source.

If \$500 million of COP's are issued during FY 2018-19, payments on these COP's are expected to equal \$37.5 million (= \$150 million/4). Thus, under the rules of S.B. 17-267, in FY 2018-19 \$9.0 million of the payments will come from the General Fund and \$28.5 million will come from the State Highway Fund for a total of \$37.5 million.

As passed by the House Transportation and Finance Committees, Section 3 of S.B. 18-001 modifies the rules of S.B.-267 if an initiated ballot measure passes in November 2018 or a referred ballot measure passes in November 2019. Thus, Section 3 will take effect in the middle of FY 2018-19 if the initiated ballot measure passes. If Section 3 takes effect, it reduces the COPs by 75% by stopping the COP's in fiscal years 2019-20, 2020-21, and 2021-22. The \$500 million of COPs issued in FY 2018-19 remains and the \$37.5 million of payments on that borrowing also remains. Section 3 also cuts the payment cap by 75% from \$150.0 million to \$37.5 million (= \$150 million/4).

With the modifications to the rules of S.B. 17-267 that are made by Section 3 of this bill, the \$37.5 million of payments comes from the following sources:

1. The first \$9.0 million is from the General Fund or any other legally available source (this is unchanged).
2. The next \$10.1 million is from CDOT, probably from the State Highway Fund (down from \$50 million).
3. The remainder (\$18.4 = 37.5 - 9 - 10.1 million) is *from the General Fund* or any other legally available source.

So if Section 3 takes effect following passage of a ballot measure in November 2018, the FY 2018-19 (first year) annual payment on the COP's will still equal \$37.5 million, but \$18.4 million more of this \$37.5 million will be paid from the General Fund because the amount paid from the State Highway Fund declines from \$28.5 million to \$10.1 million. Thus passage of an initiated ballot measure in Nov 2018 would create a new \$18.4 million obligation for the General Fund in FY 2018-19.