



Legislative
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FISCAL NOTE

Drafting Number:	LLS 19-1123	Date:	April 27, 2019
Prime Sponsors:	Sen. Zenzinger; Rankin Rep. Gray	Bill Status:	Senate Appropriations
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Bill Topic: DELAY REFERRAL OF TRANS BALLOT ISSUE TO 2020

Summary of Fiscal Impact:

<input checked="" type="checkbox"/> State Revenue (<i>conditional</i>)	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure (<i>conditional</i>)	<input type="checkbox"/> Local Government
<input checked="" type="checkbox"/> State Transfer (<i>conditional</i>)	<input type="checkbox"/> Statutory Public Entity

This bill repeals state law requiring referral of a 2019 ballot measure to authorize the issuance of transportation revenue anticipation notes, and refers a similar 2020 measure instead. Conditional on approval of the 2020 ballot measure, the bill increases state revenue and expenditures for transportation projects through FY 2022-23, and increases General Fund transfers for transportation through FY 2039-40.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: This fiscal note reflects the introduced bill.

Table 1
Conditional State Fiscal Impacts Under SB 19-263

		FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Revenue	State Hwy Fund	\$20.5 million	\$20.4 million	\$20.5 million	-
	Multimodal Fund	\$91.8 million	\$91.8 million	\$91.8 million	-
	Total	\$112.3 million	\$112.3 million	\$612.3 million	-
Expenditures	General Fund	(\$2.0 million)	(\$39.5 million)	(\$39.5 million)	(\$39.5 million)
	State Hwy Fund	\$27.6 million	\$70.2 million	\$612.7 million	\$92.3 million
	Multimodal Fund	\$91.8 million	\$91.8 million	\$91.8 million	-
Total	\$117.4 million	\$122.5 million	\$665.1 million	\$52.8 million	
Transfers	General Fund	(\$42.5 million)	(\$42.5 million)	(\$42.5 million)	(\$42.5 million)
	State Hwy Fund	\$42.5 million	\$42.5 million	\$42.5 million	\$42.5 million
	Total	\$0	\$0	\$0	\$0
TABOR Refund		-	-	-	-

Summary of Legislation

Under current law, a ballot measure to authorize the sale of transportation revenue anticipation notes (TRANS) will be referred to voters at the November 2019 statewide election. This bill repeals state law referring the 2019 ballot measure and refers a similar ballot measure at the November 2020 general election.

If approved by voters, the 2020 referred measure will:

- require the sale of TRANS in a maximum amount of \$1.837 billion, with a maximum repayment cost of \$2.560 billion over 20 years;
- require that an additional \$42.5 million be transferred annually from the General Fund to the State Highway Fund (SHF) between FY 2020-21 and FY 2039-40, and that TRANS debt service be paid from the SHF; and
- repeal a total of \$1.0 billion in lease-purchase agreements scheduled to be executed pursuant to Senate Bill 17-267 for FY 2020-21 and FY 2021-22, and adjust the General Fund obligations for lease payments correspondingly.

As under the 2019 ballot measure, this bill credits TRANS proceeds in shares of 85 percent to the SHF and 15 percent to the Multimodal Transportation Options Fund (Multimodal Fund). Proceeds received are required to be spent for qualified federal aid transportation projects in the Department of Transportation (CDOT) strategic transportation project investment program and designated for tier 1 funding. At least 25 percent of proceeds must be spent for projects in counties with populations of 50,000 or less as of July 2015.

Background

2019 ballot measure. Senate Bill 18-001 included transportation funding contingencies dependent on the outcome of two voter-initiated ballot measures that appeared at the 2018 general election, Proposition 109 and Proposition 110. Because neither of those measures was approved, SB 18-001 refers a ballot measure at the 2019 statewide election. If approved, the 2019 ballot measure:

- requires the sale of TRANS in a maximum amount of \$2.337 billion, with a maximum repayment cost of \$3.250 billion over 20 years;
- requires that an additional \$72.6 million be transferred annually from the General Fund to the SHF between FY 2019-20 and FY 2038-39, and that TRANS debt service be paid from the SHF; and
- repeals a total of \$1.5 billion in lease-purchase agreements scheduled to be executed pursuant to Senate Bill 17-267 for FY 2019-20, FY 2020-21, and FY 2021-22, and adjusts the General Fund and SHF obligations for lease payments correspondingly.

The allocation of proceeds to the SHF and the Multimodal Fund, and the eligibility criteria for projects to receive funding, is otherwise identical to the 2020 ballot measure referred in this bill.

Assumptions

Current law. Current law includes provisions that take effect only if the 2019 ballot measure is not approved by voters. Consistent with the March 2019 Legislative Council Staff forecast, which assumes that the 2019 referred measure will not pass, this fiscal note treats these provisions as current law. Thus, the fiscal note presents the conditional fiscal impacts of approval of the

2020 ballot measure in this bill relative to a scenario in which no ballot measure is adopted. If voters were instead to approve the 2019 referred measure in current law, the 2020 ballot measure in this bill would have no net impact on state revenue but would delay a portion of revenue from FY 2019-20 into FY 2022-23.

Lease-purchase agreements. Current law requires the execution of lease-purchase agreements worth \$500 million annually in each of FY 2018-19 through FY 2021-22. If the ballot measure in this bill is approved, the lease-purchase agreements scheduled for FY 2020-21 and FY 2021-22 would not be executed. This fiscal note assumes that annual payments for these two leases would begin in the year in which the lease-purchase agreements are executed and would equal one-twentieth of the total payment expected over 20 years, or \$37.5 million per lease agreement per year.

Transportation Revenue Anticipation Notes. If the 2020 ballot measure is approved, the bill requires that CDOT issue up to \$1.837 billion in TRANs with a repayment cost of up to \$2.560 billion. Based on underwriting analysis prepared for CDOT for a different bond proposal, this fiscal note assumes that CDOT will be able to issue the entire TRANs amount while remaining within the maximum repayment cost. If bond market conditions do not allow an issuance at this level, the revenue impact of the bill will be less than estimated.

State Revenue

If voters approve the 2020 ballot measure, the bill is expected to increase state revenue by a net of \$112.3 million in each of FY 2020-21 and FY 2021-22, and by \$612.3 million in FY 2022-23. No impacts on state revenue are expected beyond FY 2022-23. The bill affects revenue from lease-purchase agreements, which are exempt from TABOR as a property sale, and from TRANs proceeds, which are exempt from TABOR as a voter-approved revenue change. Revenue impacts are summarized in Table 2.

**Table 2
 Conditional State Revenue Impacts Under SB 19-263**

	FY 2020-21	FY 2021-22	FY 2022-23
Lease-Purchase Agreements			
State Highway Fund	(\$500.0 million)	(\$500.0 million)	-
TRANs Proceeds			
State Highway Fund	\$520.5 million	\$520.5 million	\$520.5 million
Multimodal Transportation Options Fund	\$91.8 million	\$91.8 million	\$91.8 million
Total	\$112.3 million	\$112.3 million	\$612.3 million

If the 2020 referred measure is approved, lease-purchase agreements scheduled to be executed in FY 2020-21 and FY 2021-22 will be repealed and replaced with the sale of TRANs. Table 2 presents the net fiscal impact of this change.

State Transfers

If voters approve the 2020 referred measure, the bill increases transfers from the General Fund to the SHF by \$42.5 million annually between FY 2020-21 and FY 2038-39, and by \$92.5 million in FY 2039-40 only. Annual impacts on transfers are presented in Table 3.

Table 3
Conditional State Transfer Impacts Under SB 19-263*
FY 2020-21 through FY 2039-40

	FY 2020-21 through FY 2038-39	FY 2039-40
Transfers Under Current Law		
General Fund	(\$50.0 million)	-
State Highway Fund	\$50.0 million	-
Transfers Under SB 19-263		
General Fund	(\$92.5 million)	(\$92.5 million)
State Highway Fund	\$92.5 million	\$92.5 million
Conditional Transfer Impact		
General Fund	(\$42.5 million)	(\$92.5 million)
State Highway Fund	\$42.5 million	\$92.5 million

State Expenditures

If voters approve the 2020 ballot measure, the bill increases state expenditures by up to \$117.4 million in FY 2020-21, up to \$122.5 million in FY 2021-22, up to \$665.1 million in FY 2022-23, and by \$52.8 million in FY 2023-24 and subsequent years. Expenditure impacts are presented in Table 4 and described below.

Table 4
Conditional State Expenditure Impacts Under SB 19-263

	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Transportation Projects*				
State Highway Fund	\$20.5 million	\$20.5 million	\$520.5 million	-
Multimodal Fund	\$91.8 million	\$91.8 million	\$91.8 million	-
Lease Payments				
General Fund	(\$2.0 million)	(\$39.5 million)	(\$39.5 million)	(\$39.5 million)
State Highway Fund	(\$35.5 million)	(\$35.5 million)	(\$35.5 million)	(\$35.5 million)
TRANS Payments				
State Highway Fund	\$42.6 million	\$85.2 million	\$127.8 million	\$127.8 million
<i>General Fund Total</i>	<i>(\$2.0 million)</i>	<i>(\$39.5 million)</i>	<i>(\$39.5 million)</i>	<i>(\$39.5 million)</i>
<i>SHF Total</i>	<i>\$27.6 million</i>	<i>\$70.2 million</i>	<i>\$612.8 million</i>	<i>\$92.3 million</i>
<i>Multimodal Total</i>	<i>\$91.8 million</i>	<i>\$91.8 million</i>	<i>\$91.8 million</i>	<i>-</i>
Grand Total	\$117.4 million	\$122.5 million	\$665.1 million	\$52.8 million

* Expenditures show funding expected to be made available for transportation projects if the 2020 ballot measure is approved. Actual amounts expended, and the timing thereof, are determined by the Transportation Commission.

Transportation projects. If the 2020 referred measure is approved, additional revenue will be made available in the SHF and the Multimodal Fund as described in the State Revenue section of this fiscal note. Revenue to these funds is required to be spent for transportation projects; however, expenditures from these funds are made at the discretion of the Transportation Commission and may not occur in the years when revenue arrives in the funds.

Lease payments. The 2020 referred measure cancels lease-purchase agreements scheduled to be executed in FY 2020-21 and FY 2021-22, reducing annual expenditures required for lease payments over the next 20 years because the total value of state buildings on which agreements are executed will decrease from \$2.0 billion to \$1.0 billion.

TRANS payments. Increased annual expenditures are required over the next 20 years for debt service payments associated with the TRANS issuance. These expenditures are paid from the SHF.

Effective Date

The portion of the bill that repeals the 2019 referred measure and refers the 2020 measure takes effect upon signature of the Governor, or upon becoming law without his signature. The provisions of the bill that authorize the TRANS sale, modify transfers, and cancel lease-purchase agreements take effect upon proclamation of the Governor, no later than 30 days after the official canvass of the vote is completed.

State and Local Government Contacts

Transportation