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**REVISED
FISCAL NOTE**

(replaces fiscal note dated March 26, 2018)

Drafting Number: LLS 18-1160
Prime Sponsors: Rep. Hamner
 Sen. Lambert

Date: March 29, 2018
Bill Status: Senate Appropriations
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Bill Topic: TRANSFERS OF MONEY FOR STATE'S INFRASTRUCTURE

**Summary of
Fiscal Impact:**

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

This bill makes up to \$612.3 million in FY 2018-19 transfers for state infrastructure projects, including a transfer of up to \$612.1 million from the General Fund and \$0.2 million from cash funds. It also creates a new program in the Colorado Department of Transportation (CDOT) and increases expenditures in FY 2018-19 and beyond from the State Highway Fund.

**Appropriation
Summary:** No appropriation is required because the State Highway Fund is continuously appropriated to CDOT.

**Fiscal Note
Status:** This revised fiscal note reflects the reengrossed bill.

Table 1
State Fiscal Impacts Under HB 18-1340

		FY 2018-19	FY 2019-20
Revenue	Total	-	-
Expenditures	State Highway Fund	\$173,100,000	\$500,000
	Total	\$173,100,000	\$500,000
Transfers	General Fund	(\$612,138,105)	-
	State Historical Fund	(\$150,000)	-
	State Highway Fund*	\$495,000,000	-
	Capital Construction Fund	\$87,288,105	-
	Controlled Maintenance Trust Fund	\$30,000,000	-
	Total	\$0	-

* The State Highway Fund transfer is conditional upon whether Senate Bill 18-001 is adopted.

Summary of Legislation

This bill makes FY 2018-19 transfers to the Capital Construction Fund (CCF) for state-funded capital construction, controlled maintenance, and information technology (IT) projects listed in the 2018 Long Bill, House Bill 18-1322. The bill also makes transfers to the Controlled Maintenance Trust Fund and to the State Highway Fund. The transfer to the State Highway Fund is conditional upon whether Senate Bill 18-001 is adopted. Finally, the bill creates the Multimodal Transportation Options Fund and two accounts within the fund and directs the Colorado Department of Transportation to expend moneys from the fund on multimodal transportation projects submitted by local governments and transit agencies throughout the state.

State Transfers

For FY 2018-19, the bill transfers \$87,288,105 to the CCF. The transfers include:

- \$86,638,105 from the General Fund;
- \$500,000 from the General Fund Exempt account; and
- \$150,000 from the State Historical Fund.

Of the \$86.6 million transferred from the General Fund, \$15,206,760 million will be transferred to the IT Capital Account in the CCF to pay costs associated with capital IT projects.

If SB 18-001 is not adopted, the bill also transfers \$495.0 million in FY 2018-19 from the General Fund to the State Highway Fund. Of this amount, 25 percent, or about \$123.8 million, is allocated to counties, 25 percent is allocated to municipalities, and 15 percent, or about \$74.3 million, is allocated to the Multimodal Transportation Options Fund created under the bill. This fiscal note assumes that the remaining \$173.1 million will stay in the State Highway Fund for use by CDOT.

The engrossed version of SB 18-001 annually diverts 5 percent of sales and use tax revenue, and transfers \$72.6 million, from the General Fund to the State Highway Fund. Conditional on approval of a ballot measure, the bill requires the issuance of Transportation Revenue Anticipation Notes and repeals executions of lease-purchase agreements under Senate Bill 17-267 beyond those for FY 2018-19.

Finally, the bill transfers \$30.0 million from the General Fund to the Controlled Maintenance Trust Fund as part of the TABOR reserve. The balance of the fund may only be spent through executive order in the event of a disaster emergency. Interest earnings on the fund may be spent for controlled maintenance.

State Expenditures

The bill will increase expenditures from the State Highway Fund in FY 2018-19 and beyond by up to \$173.1 million, including \$500,000 each year of the program to administer funding for multimodal transportation projects. Administering the program involves determining which projects receive funding and the amount of funding provided for each project, subject to various qualifying factors. It also involves additional workload for the Transportation Commission and the accounting, budgeting, and communications offices of CDOT. As a point of comparison, a \$33 million grant program operated by the Division of Transit and Rail employs 10.0 FTE. No appropriation is

required because the State Highway Fund is continuously appropriated to CDOT. This fiscal note assumes that CDOT may use part of the State Highway Fund transfer included in the bill to pay the costs to administer the new program.

Local Governments

The bill will increase revenue to local governments for transportation projects. Of the \$123.8 million allocated to counties from the State Highway Fund, the funding will be further allocated as follows:

- 15 percent, or about \$18.6 million, to counties in proportion to rural motor vehicle registration in each county;
- 15 percent to counties in proportion to the countywide motor vehicle registration in each county;
- 60 percent, or about \$74.3 million, to counties in proportion to the adjusted lane miles of open, used, and maintained county roads in each county, excepting mileage of state highways and municipal streets; and
- 10 percent, or about \$12.3 million, to counties in proportion to the square feet of bridge deck for bridges greater than 20 feet in length.

Of the \$123.8 million allocated to municipalities, the funding will be further allocated as follows:

- 80 percent, or about \$99.0 million, to cities and incorporated towns in proportion to the adjusted urban motor vehicle registration;
- 20 percent, or \$24.8 million, to cities and incorporated towns in proportion to the mileage of open, used, and maintained streets, excepting the mileage of state highways.

Additionally, this fiscal note assumes that the \$74.3 million allocated to the Multimodal Transportation Options Fund will primarily be expended for local government transportation projects.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State and Local Government Contacts

Joint Budget Committee Staff

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Transportation