



## THE VOICE OF COLORADO'S CITIES AND TOWNS

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To: CML Executive Board, CML Policy Committee, and interested parties  
 From: Morgan Cullen, Legislative and Policy Advocate  
 Date: April 13, 2018  
 Subject: Update: Transportation Infrastructure Funding

### HB 18-1340 - CAPITAL CONSTRUCTION BILL

The House passed HB 18-1340, a bill for capital construction project funding that accompanies the Long Bill, that includes one section that would provide \$495 million in one-time transportation funding from the General Fund if SB 18-001 fails to become law. CML supported the efforts of House Speaker Crisanta Duran, D-Denver, and Rep. Faith Winter, D-Westminster, to split the \$495 million (35% to CDOT, 25% to municipalities, 25% to counties and 15% to multimodal). The local government portion would then be dispersed to counties and municipalities directly using the HUTF formula. Under this scenario, municipalities and counties would each receive \$124 million in one-time money and have total discretion on how to use their respective shares.

Unfortunately, this amendment was stripped out of the bill by Senator John Cooke, R-Greeley, when it was taken up along with the Long Bill last week. The bill is now back before the Joint Budget Committee acting as the conference committee on HB 18-1340, as the House rejected the Senate Amendments.

### SB 18-001 - FIX COLORADO ROADS ACT

SB 18-001 passed unanimously out of the Senate two weeks ago, after a deal was struck with Democrats that substantially changed a number of its key provisions. Most importantly, it delayed a referred measure for voters to consider transportation bonds using existing state revenue until 2019 to make way for a citizen initiated ballot question that could consider new revenue for transportation.

#### Funding

On June 30, 2019 – SB 18-001 transfers \$500 million from the General Fund to the State Highway Fund.

Beginning on June 30, 2020 - \$250 million is transferred annually for the next 19 years from the General Fund to the State Highway Fund.

#### Ballot Initiative and a Referred Measure

SB18-001 delays a referred transportation bonding measure for voters to consider until 2019 to allow for an opportunity for a citizen initiated ballot question in 2018.

- If a citizen initiated ballot question in 2018 is successful, then the 2019 referred measure is repealed and will not be considered by voters.

- If a citizen initiative in 2018 is unsuccessful, then the 2019 referred measure will move forward, asking voters to issue \$3.5 billion in bonds with a maximum repayment of no more than \$5 billion.
- If both an initiative and referendum fail, then the \$250 million will simply continue to be transferred from the General Fund to the State Highway Fund on an annual basis.

### **Interaction with SB 17-267**

SB 17-267 authorized up to \$1.8 billion in lease purchase agreements to fund state highway projects in Colorado beginning in 2018. While lease purchase agreements provide increased funding for transportation, they are not as strong a funding mechanism as bonds. They leverage state capital assets, like buildings, rather than state revenue.

SB18-001 stipulates that the lease purchase agreements authorized in SB 17-267 can go forward as planned beginning July 1, 2018 but would need to be payed-off and replaced if an initiative passes in 2018 or the referred measure passes in 2019. Once those obligations are met, the remainder of the money would be used to cover bonds payments.

SB 18-267 also required that 25 percent of all transportation construction projects be completed in rural areas and 10 percent of the money raised be used for multimodal infrastructure. This same requirement is present in SB 18-001 and would not change.

### **Managed Lane Initiative and the Quarterly Distribution of Funds**

There was a managed lane amendment added to SB 18-001 that requires CDOT to fully evaluate safety and vehicle capacity aspects of a project before designating a toll lane, HOV lane or public private partnership that results in a managed lane. This language was brought forward by Senator Bob Gardner, R-Colorado Springs and Representative Paul Lundeen, R-Monument in response to El Paso County utilizing managed lanes to help fund the Gap Expansion between Monument and Castle Rock. CDOT is opposing this amendment because they are worried they may not be able to come up with the funding to attract the federal funds necessary to finance the project. They are also worried this could preempt their ability to use managed lanes as a funding mechanism for other projects around the state going forward. CML has also expressed similar concerns we have received on this language from our members and have assurances that it will be stripped from the bill once it is heard in the House.

CDOT has also advocated that any new funding be disbursed through a quarterly distribution so that the department can begin working on shovel ready projects as early as this summer. Amendments have been added to HB18-1340 and we expect to see one soon on SB 18-001 as well that provides for this distribution.

### **How SB 18-001 relates to HB 18-1340**

The General Fund transfer for infrastructure in HB18-1340 is only authorized if SB18-001 fails to become law. It is important to note that the General Fund transfer in HB 18-1340 would only be a one-time appropriation, whereas SB 18-001 authorizes an initial \$500 million transfer then an ongoing \$250 million annual transfer.

## **WHAT'S NEXT**

The House has yet to take up SB 18-001 but it is very likely that the House will make some effort to include a local share in that bill as well. This is complicated by the fact that the Senate amended the bill to allow a potential ballot initiative to be successful, which also would include a local share. Depending on what the House does to SB 18-001, it is likely to end up in a conference committee as well.

However, if a deal is struck on SB 18-001, then the one-time transportation funding in HB 18-1340 is rendered moot.

## **Fall Ballot Initiatives**

All of the negotiations currently taking place under-the-golden-dome are being contemplated amidst an anticipation of possibilities at the ballot box this November, where voters could be ultimately asked to consider two starkly different transportation funding initiatives.

The deadline to submit new titles has now passed, and there are seven different citizen initiated ballot measures that have the potential to earn a spot on the November ballot. In order to do so, they need to earn the prerequisite number of 98,492 valid signatures before the August 6, 2018 deadline.

### **Coloradans for Coloradans Transportation Coalition**

Five of the ballot questions were submitted by a coalition of Colorado businesses, local governments and civic organizations spearheaded by the Denver Chamber of Commerce and the Colorado Contractors Association that wish to seek new revenue to help fund Colorado's infrastructure. The first three would increase the state's sales tax by 0.5 percent, 0.62 percent, and 1 percent. The fourth proposal includes a 0.5 percent sales tax increase and requires the state to transfer \$150 million from the General Fund each year to state and local transportation projects. A final 0.35 percent sales tax increase was also submitted that would provide new revenue to municipalities, counties, and multimodal but would not fund state highway infrastructure. All of the initiatives would allow CDOT to issue bonds for major state highway construction projects.

Ultimately, only one proposal will be chosen to go forward - a decision that is largely contingent upon the final amount that the state legislature dedicates to transportation in this year's budget.

### **John Caldara "Fix Our Damn Roads" Campaign**

In response to the coalition's efforts to seek new revenue, John Caldara and the Independence Institute filed two titles. We presume they will select one to appear on the November ballot should they collect enough qualifying signatures.

Both proposed initiatives are nearly identical with the only change appearing to be the removal of the effective date on one of them. Both initiatives would require the state to raise \$3.5 billion in bonds (without raising taxes or fees) with the proceeds going solely to road and bridge expansion, construction, maintenance, and repair on a specified list of projects throughout the state.

### **CML Position**

CML has been advocating for a statewide solution that includes a meaningful share back with municipalities and counties, recognizing financial assistance for multi-modal projects, and not interfering with CDOT's ability to do managed lanes where appropriate.

CML staff members have been meeting regularly with key legislators and other interested groups. The League has been very engaged since the start and we remain cautiously optimistic about the General Assembly reaching a compromise before *sine die* adjournment on May 9. It is very important that municipal leaders continue to speak with one voice through CML on this issue. Should you have questions or comments, please do not hesitate to contact me.