

State Revenue

The bill authorizes the issuance of certificates of participation (COPs) in the amount of \$250 million, plus reasonable administrative expenses for the costs of issuance and monitoring. The lease-purchase agreements cannot be issued before July 1, 2019. Proceeds from the sale of the COPs are held by a trustee and so are not counted as state revenue. The COP issuance is contingent upon project-specific review and approval by the Colorado Commission on Higher Education, the Governor's Office of State Planning and Budgeting, and the CDC. Additionally, no lease-purchase agreements may be issued until the voters of the City and County of Denver approve an extension of the lodging and car rental taxes, or another similar tax, to generate sufficient funding for development of the National Western Center.

State Transfers and Expenditures

Beginning in FY 2019-20, the bill authorizes a General Fund transfer of up to \$4 million a year for five years and up to \$20 million a year thereafter to the National Western Center Trust Fund to make annual lease-purchase payments. Beginning in FY 2019-20, the bill also authorizes a General Fund transfer of up to \$16 million a year for five years to the CCMP Implementation Fund. Table 1 shows the transfers to the respective funds.

Table 1. General Fund Transfers to Funds Created in House Bill 15-1344			
Fund Name	FY 2019-20 - FY 2023-24	FY 2024-25 - FY 2038-39*	Total
National Western Center Trust Fund	\$4 million/year x 5 years = \$20 million	\$20 million/year x 15 years = \$300 million	\$320 million
Capitol Complex Master Plan Implementation Fund	\$16 million/year x 5 years = \$80 million	N/A	\$80 million
Total	\$20 million/year x 5 years = \$100 million	\$20 million/year x 15 years = \$300 million	\$400 million

* The table shows the transfers ending in FY 2038-39. This is based on the assumption that all lease-purchase agreements will be issued in FY 2019-20 and that the authorized issuance period of 20 years will elapse in FY 2038-39; however, payments from the fund may continue beyond FY 2038-39 if lease-purchase agreements are issued after FY 2019-20.

State Expenditures

This fiscal note assumes that the state will make an appropriation from the National Western Center Trust Fund for any lease-purchase payments associated with issuance of COPs to finance construction at the National Western Center and CSU. The timing and amount of the payments will depend on the terms of the COP issuance. However, the payments, including principal and interest, may not exceed \$4 million a year from FY 2019-20 through FY 2023-24, and no more than \$20 million a year thereafter.

Beginning in FY 2019-20, the CCMP Implementation Fund will accrue \$16 million a year for five years. Moneys in the fund cannot be spent until the fund balance equals or exceeds \$80 million, which, based on the scheduled transfers will not occur until FY 2023-24.

Funding for lease-purchase agreements. The state is currently making annual lease payments for certificates of participation (COPs) issued to finance the construction of the Centennial Correctional Facility expansion project. The COP payments will continue for four more years, through FY 2018-19. The average annual payment for the remaining term of the COPs is \$20.3 million. HB 15-1344 repurposes the amount anticipated to be paid on behalf of the annual lease payments in the years following the retirement of the Centennial Correctional Facility COP. In other words, the \$20 million that has otherwise been set aside for the COP payment will be made available for future COP issuances and projects in the Capitol Complex.

Effective Date

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

State and Local Government Contacts

Higher Education
Personnel and Administration

Office of State Planning and Budgeting
Treasury